FEBRUARY, 1958

Credit and FINANCIAL MANAGEMENT

Practical Aspects of Rights of Creditors As Panelists See It

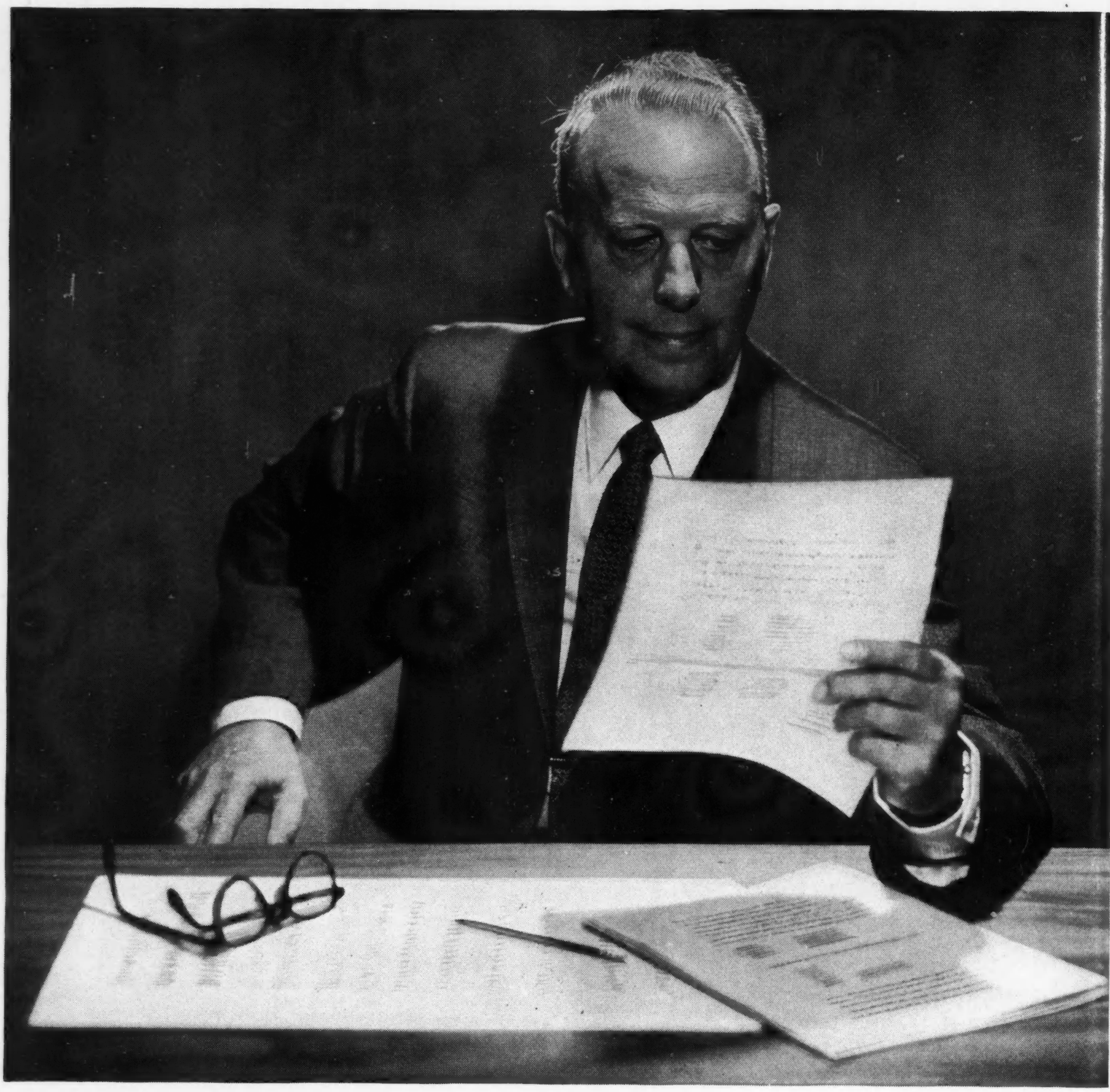
Determining Worth Of a Going Business For Potential Buyer

Simple Forms System, Offset Paper Plate, Save Time and Cost

Nurture Top Bosses Tenderly, Is Tip From President of Company

VOLUME 60 NUMBER 2

Extension Pays Off (See pp. 5 and 12)



In the News

PAUL J. VIALL, treasurer, Chattanooga Medicine Co., Chattanooga, Tenn., and past president of the National Association of Credit Men, has been elected president of the Chattanooga Control of the Controllers Institute of America.

MICHAEL J. BENEDETTO, chief accountant of the Bridgeport (Conn.) Engravers Supply Company, Inc. and a director of the Bridgeport Association of Credit Men, has won the Joseph W. Coburn Award of the Bridgeport Chapter of the National Association of Accountants, for outstanding work in the past year.

MURRAY V. JOHNSTON, general credit manager, Gulf Oil Corporation, Pittsburgh, and president of the American Petroleum Credit Association, has been appointed chairman of the Allegheny County Chapter of the National Foundation for Infantile Paralysis.

NEWMAN SHEETS, Colorado Builders Supply Company, Denver, received the Alumni Recognition Award from the University of Colorado.

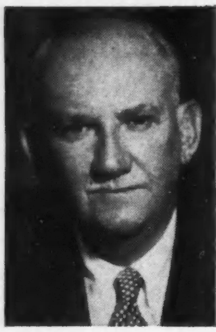
ROBERT L. HOWARD, vice president and controller of the Logan Company and a director of the National Association of Credit Men, has been elected president of Junior Achievement of Louisville.

J. H. BRYAN, secretary, National Association of Credit Men, Mid-South Unit, Inc., Memphis, has been elected secretary of the Kiwanis Club of Memphis.

JAMES H. PENICK, JR., assistant vice president, Worthen Bank & Trust Company, Little Rock, Ark., has been elected president of the Little Rock Junior Chamber of Commerce.

LE ROY F. F. WRIGHT, executive vice president, Delaware County National Bank, Chester, Pa., has been elected president of the Chamber of Commerce of Chester.

EDMUND W. MADDEN, vice president, Manufacturers Trust Company, Brooklyn, N.Y., has been named 1957 chairman of the Brooklyn Boy Scouts Council,



EDITORIAL

Henry H. Heimann

Executive Vice-President

Social Injustice to Teachers

OUR educational system has come in for considerable reappraisal and criticism since Russia launched Sputnik. Much is said commending the scientific courses and training given Russian children in the grade and high schools. You hear less about the fact Russia's schools are inadequate, that at least two-thirds are operating on a two-shift basis. Nor do you hear much about the statistical truth that Russia has in college only seven out of each 1,000 of college age. We have seventeen. Their over-all educational system is not comparable to ours, even though at the moment their scientific schooling apparently excels ours.

Education need not be formalized in schools, but it is easier of attainment if an adequate number of schools is available. Lincoln, whose birthday we honor in February, did not have the benefit of a formal education, but he was one of the best educated men in the world.

There has been an unfortunate change in the measure of respect and social prestige given teachers and professors who train and teach our young.

Many readers will remember how in earlier days honor was paid to the men and women in the teaching profession. In the village in which I was born, families vied for the honor of housing and boarding non-resident teachers.

For too long a period of time the teaching profession was very poorly paid. It is a strange fact that those who have so important a responsibility in molding the future of the country were not until recently given a decent living wage.

About thirty years ago college professors began to move to Washington. Having experienced a miserly compensation for their devoted efforts in the teaching profession, it was only logical that in Washington they turned their thoughts to correcting such social injustice. Some of their plans were a bit socialistic. From their experience what else could you expect? It would have been better if we had compensated them adequately and kept them in the work for which they were so well qualified. Their contribution as a whole to Government was not as sound as their contribution to the education of our children.

Years ago one of the principal factors in selecting a teacher was his or her character. Every child had a high respect for Teacher. That is why the school boards usually selected people of outstanding character after whom the pupils could pattern their lives. Degrees were not over-emphasized.

Many of our college and university teachers, to supplement their income, seek outside work. Some become consultants, others aspire to authorship, and still others are identified on a part-time basis with business. It is an injustice to force our teaching profession to look elsewhere for much of their subsistence. In addition, many professors now in Washington are needed back in the classroom. To induce them to come back we should pay them a decent salary.

Years ago when I was speaking in a small city someone from the audience asked this pointed question: "Who do you think is the most important man or woman in our city?" Though the dais was lined with some of the most prominent industrialists, I unhesitatingly responded, "The Superintendent of Schools." If we recognize this fact and that we must be fair to the teaching profession, our future generations will be better citizens and our nation stronger.

It is also true that with a just compensation program we can and should demand better teachers and an improved and better balanced educational system.

THE FEBRUARY COVER

"TO BE or not to be" was the manufacturer's question—"whether . . . to suffer the slings and arrows of outrageous fortune" (the machinery kept breaking down) or "to take arms against a sea of troubles and, by opposing, end them" (decide to fight the larger competitors for survival).

He determined to expand his operation but he needed the supplier's help—and now the alternative was placed squarely before the supplier's credit executive. Should he let the account run slow in payments or add 30 days to the normal terms of sale for a test period?

How the credit manager decided to proceed, and what results were obtained, is told on page 12 by Frank A. King (left) credit manager, Inland Container Corporation, Indianapolis.

With him in the cover picture are W.

Miller Bennett (center), vice president—finance, and Clarence F. Smith, first vice president and general sales manager.

Mr. Bennett, who holds a law degree from the University of Louisville, did postgraduate work at Butler and Indiana Universities, taught "Office Management" at the last-named. From Stokely Brothers he joined Inland Container in 1937.

Mr. Bennett is past international president of National Office Management Association and now its national honorary council chairman. He is twice winner of the Schulhof Award and in 1956 won the Leffingwell Medal for outstanding technical contributions. Among other offices: president, Indianapolis Chapter, Tax Executives Institute; treasurer-director, Indianapolis Control, Controllers Institute.

Mr. Smith, who at 15 was a full-time employee of the Pennsylvania Railroad, obtained most of his formal education in night classes at the University of Cincinnati and the University of Dayton. He entered the paper industry in 1920 with Interstate Folding Box company, Middletown, Ohio. After five years he joined Gardner & Harvey Company, became salesman of its new container division, and in 1929 went to Inland when the latter acquired the company.

Mr. Smith is a director and executive committee member of the Fibre Box Association.

FINANCIAL MANAGEMENT

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IN THIS ISSUE

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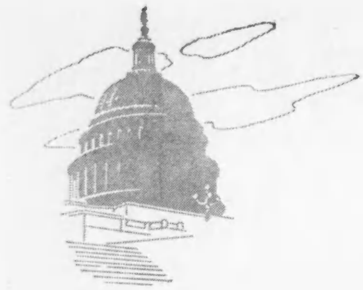


Washington

Ⅽ TAX CONCESSIONS granted under the Western Hemisphere Trading Corporation Act should be extended to all earnings on investments abroad by U.S. companies, the new world trade advisory committee of the Department of Commerce has unanimously agreed. Congress earlier rejected the plan.

The Government should permit a 14 percentage point reduction in the 52 per cent corporate income tax on such earnings, the 48 delegates urged, according to Henry Kearns, who presided at the first meeting of the group of businessmen. Mr. Kearns is assistant secretary of commerce for international affairs. This concession at present applies only to subsidiary earnings in the western hemisphere. The Administration has such a proposal under consideration.

The committee also studied the Administration's new proposal for extension of the reciprocal trade program.

Ⅽ STRICT LIMITATION on the amount of foreign agricultural products entering the United States should be maintained, farm spokesmen agreed at a panel discussion but they disagreed over the benefits of U.S. Government policies directed toward increasing our trade with other countries. The panel on foreign trade impact on U.S. agriculture was conducted by the House ways and means committee on trade policy.

James G. Patton, president of the National Farmers Union, proposed that the reciprocal trade program be extended, with "sufficient safeguards", but under "conscious international economic planning" to insure that our agricultural and manufactured products keep their position in the world market.

John Foster Dulles, secretary of state, questioned regarding proposed increases of duties on lead and zinc, explained that while the Administration favors lowered tariffs, exceptions must be made when such a policy threatens an industry.

Ⅽ REVISING UPWARD its earlier forecasts, the Department of Agriculture in its final report for 1957 predicted that crop production final figures would show overall output practically the same as the previous record highs of 1948 and 1956, or 106% of the 1947-49 base, despite the lowest grown acreage since 1919 and many local and seasonal obstacles to planting and harvesting.

Record production was shown by hay, sorghum grain, soybeans, barley and sugar beets. Production was above average for corn, potatoes, rye, sugarcane, apples, cherries, pears, lemons, oranges, cranberries and vegetables for fresh markets and processing. Many crops fell below average, including wheat, cotton, rice, flaxseed, tobacco, peanuts and dry beans.

The 1957 corn crop was estimated at 3,402,832,000 bushels, 70,297,000 bushels more than the November forecast. Last year's revised estimate was 3,455,283,000. The 1946-55 average figure was 3,120,484,000.

The 947,102,000 wheat estimate is 19,778,000 bushels higher than November's but lower than the 1956 revised total of 1,004,272,000 and the ten-year average of 1,131,000,000 bushels.

Ⅽ SPENDING by business for new plant and equipment in the first quarter will decline 5 per cent below the amount in the last quarter of 1957, the Government predicted in a joint report by the Department of Commerce and the Securities and Exchange Commission. The report places the seasonally-adjusted annual rate of capital investment for this quarter at $35.5 billions. It was $37.5 billions for the preceding quarter. Economists call the leveling off of such investment a main factor in the business adjustment. Despite that leveling out, 1957 still was a record year, the agencies observed, pointing out that third and fourth quarter spending, in the final figures, would show better than had been expected.

The expected drop this quarter will have been the first quarter-to-quarter downturn since the like period in 1955.

ⅭEVIDENCES are that the nation's economy will show an upturn in mid-1958, says Thomas P. Mitchell, secretary of labor, calling the present situation a "cyclical adjustment" and "not one that should cause us any serious concern." He declares that the year's unemployment will be "nowhere near" six millions.

He terms 1958 a "reasonably good" year for employees, says the new Federal budget calling for increased defense spending will help stimulate the economy, and predicts a "very good" year for the construction industry. Time lost through strikes in 1957 was the lowest of any postwar year, but "we may have more labor disputes and possibly more man-days lost in 1958."

THE RIGHTS OF CREDITORS

Attorneys and Credit Executives Discuss Basic Procedures

LEGAL RIGHTS of creditors, always a subject of immediate interest to credit management, has assumed heightened significance with the increased number of business failures.

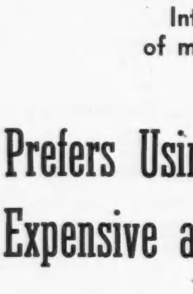

J. W. TOWLE

In the mixed economic picture of these early months of 1958, though analysts are agreed that the overall position is sound and the long-term prospect prosperous beyond measure, there is added pertinence in the discussion of the topic by panelists at a Credit Institute jointly sponsored by the St. Louis Association of Credit Men and Washington University and held on the university campus.

Participating were partners in two law firms and two credit executives, all of St. Louis: Harold J. Abrams, of Blumenfeld and Abrams; Harold D. Carey, of Hinkle and Carey; J. A. McCracken, district credit manager, Westinghouse Electric Supply Company; and Donald E. Miller, assistant general credit manager, Gaylord Container Corporation.

Introducing and summing up the discussions was Joseph W. Towle, Ph.D., professor of management, Washington University.

Prefers Using Assignment as Less Expensive and a Faster Procedure



HAROLD J. ABRAMS
Partner
Blumenfeld and Abrams
St. Louis, Missouri

THE subject of bankruptcy has again become much discussed in credit circles. The reason becomes apparent from the testimony before a House committee by Edwin L. Covey, chief of the Bankruptcy Division of the Administration Office of the United States Courts. Mr. Covey estimated that bankruptcy cases filed for the 12 months ended June 30, 1957, hit a new high of 72,000, as against 62,086 in the preceding 12-month period. The prior record, 70,049 bankruptcy cases filed, was established in the depression year of 1932.

Does this mean that we are approaching another business fiasco? I think not. I lean towards the viewpoint of many economists who maintain our overall business economy and structure are sound. What then of these figures which reflect new heights for insolvency cases? I say that standing by themselves, without further explanation, they do not disclose the true picture.

It is somewhat like the situation of Jones, who had sued for substantial damages for disabling injuries caused in a highway collision. He was on the witness stand, and was being subjected to a grueling cross-examination by the lawyer for the defendant truck line. Finally, this attorney with a gleam of victory in his eye belabored the witness with this: "Didn't you, however, at the scene of the accident, state to our truck driver that you were not hurt at all?" To everyone's surprise Jones said "Yes". The lawyer glowed with his success. But Jones said, "Let me explain. When your client's truck hit my car, I was towing a cart with my horse in it. My horse and I were thrown out into a ditch, and my horse landed on his back with his feet up in the air. It was clear the horse was dying. Then your truck driver went over to the horse, pulled out a gun and shot him. Then he came over to me, still waving that gun, and said, "Bud, are you hurt too?" Under the circumstances, Mr. Lawyer, I said I felt fine."

So it is with those figures. They do not indicate the true situation. The vast increase in bankruptcy cases is attributable to those filed by wage earners. In my judgment, the wage earner cases have immeasurably increased by reason of easy installment credit buying, together with the generosity of small loan companies.

On the other hand, I wish to point out that Mr. Covey's figures referred specifically to bankruptcy cases, and did not include businesses liquidated through out-of-court procedures, such as through the medium of an assignment for the benefit of creditors. For example, in St. Louis, in 1956 only, 11 business firms were liquidated through the bankruptcy route, whereas 25 such firms were sold out under the auctioneer's hammer, under the terms of an assignment for the benefit of creditors. In the first three months of 1957, only one commercial firm was closed in bankruptcy, whereas six were wound up under an assignment.

I find from my experience that many credit men, and a large number of lawyers, have little knowledge of the legal and practical aspects of assignment cases. Thus, often the use of an assignment as a vehicle for liquidation becomes, though not properly so, a mysterious

(Continued on page 10)

SOME PRACTICAL ASPECTS

Cites Advantages of Taking Note Settlement and Trade Acceptance

J. A. McCRACKEN
District Credit Manager
Westinghouse Electric Supply Company
St. Louis, Missouri

TAKING a note settlement for an overdue account has these advantages: (1) It forestalls a debtor's attempt to disclaim liability because of faulty merchandise or overcharges, or any other general claims; (2) It eliminates the necessity of providing copies of invoices, delivery receipts (A note becomes an account stated); (3) It provides interest and (4) attorney fees.

Trade acceptances, taken at the time the merchandise is shipped, also have advantages, as follows:

(1) If dating is offered, for instance "payable February 10th," the purchaser may claim a misunderstanding and maintain that the merchandise was sold on other terms or that it is subject to return if not sold. The trade acceptance is an acknowledgment of the terms agreed upon, and it definitely fixes the maturity date.

(2) A trade acceptance is payable at the debtor's bank. Experience has taught us that the written document payable at the debtor's bank is more likely to be honored than an ordinary accounts receivable balance. There is a little psychological advantage. Most debtors wish to establish prestige at the bank by paying all notes or trade acceptances when presented for payment.

When I think a debtor is on the verge of bankruptcy I always try to get the return of the merchandise. I know the law pertaining to the four months period, but possession is nine points in the law. In all my years of experience I have never had to reimburse the court for merchandise repossessed within 120 days of the filing of bankruptcy. When I once get possession of the merchandise, if the court wants to get it we fight the case, and if we lose we appeal to the higher court. The trustee wants to close the case and usually drops the matter.

Certification on Statement

We sell material to subcontractors on bonded jobs. Assume that our subcontractor, friendly to us, becomes insolvent. After the job has progressed, we obtain verification of the balance due us on a specified date. This is done by obtaining the contractor's signature to an itemized statement of unpaid invoices, certifying that the balance is correct and that the material was used in the job specified.

The following certification should appear on the face of the statement:

"This is to certify that the amount reflected on this statement is due and owing to Westinghouse Electric Supply Company, pursuant to our records, and is for material delivered to and used in the project described above."

When the statement fully describes a job, and the certification is signed by the contractor, we are in an excellent position to prove our claim if it becomes necessary to collect from the general contractor or from the surety company, despite the fact that the certification is not admissible as evidence.

Defines Use, Nature and Functions Of Three Basic Legal Instruments

HAROLD D. CAREY
Partner
Hinkle and Carey
St. Louis, Missouri

ONE of the most basic and important factors in our complex business life of today is the extension of credit. If this facet of our present-day business life is to continue, credit must be extended in such a manner that there will be a reasonable expectation the credit extended will be returned or the creditor placed in a position where he can best recover his funds with the minimum of loss and expense.

In order to protect himself, the creditor must take certain realistic precautions. One such precaution is the use of legal documents which set out or implement the terms of the transaction whenever possible.

Men and women interested in the proper extension of credit should understand the use, nature and function of three basic legal instruments; (1) the promissory note; (2) the chattel mortgage; (3) the conditional sales contract. They are important tools and if used wisely will help the credit manager do a successful job.

Wherever credit is extended, an obligation to pay arises out of the transaction. Evidence of this obligation, which is definite as to amount and place and time of payment, should be obtained. Experience has taught us that the taking of a promissory note is the most satisfactory solution to this problem. In the promissory note we have a definite acknowledgment of a debt in a certain liquidated sum, a promise to pay at a certain place in definite terms. In addition, the creditor has a tangible property he can sell, assign or pledge, and if he finds it necessary to file suit where the debtor fails to pay, his note usually provides for the payment of attorney's fees. This can be a very substantial item where litigation is involved.

Experience has taught us that promissory notes are

(Continued on page 11)

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procedure. How, then, does an assignment originate, and what are the creditors rights thereunder?

Two Forms of Assignments

There are two forms of assignments in this jurisdiction. *First*, there is the statutory assignment, under which the liquidation and administration are carried on under the supervision of the circuit court. This is a long drawn out procedure, reminiscent of a liquidation under a receivership. It is an unwieldy, inefficient and expensive method, and in 25 years of practice in insolvency cases I recall only two cases handled in this manner.

The *second form* is popularly known as the common law assignment for the benefit of creditors. The assignment arises either by reason of voluntary action on the part of the debtor, or by pressure exerted by the creditors.

In the former situation, the debtor, realizing his insolvency and inability to continue business, probably acting through his attorney, usually selects some experienced person to act as trustee. In the latter situation, the assignment stems from a meeting of creditors, wherein the debtor in effect throws the ball to his creditors, and, after consideration, the creditors determine that liquidation of the business is preferable to extension or settlement. The creditors will likely, under these circumstances, name the trustee.

The important factor is that the trustee selected be competent, experienced, and thoroughly neutral. Obviously, therefore, he should not be the debtor's attorney.

Deed of Assignment First Step

The first step after appointment of the trustee is that the debtor executes a deed of assignment. This document is the actual transfer of the debtor's assets to the trustee and further fixes the powers, duties and obligations of the trustee. Next, the trustee employs at least two competent independent appraisers to immediately inventory and appraise the stock, fixtures and equipment. This action gives the trustee a physical count of the assets and also serves as a guide for subsequent consideration of bids received for the property.

The trustee next prepares for sale of the physical assets. The sale should be prompt in order to reduce rent, utility and insurance costs. The trustee may sell either at public auction, after reasonable advertisement of the time and place of sale, or at private sale. I favor a public auction. It is open, competitive, and dispels any possibility of collusion either with the debtor or favored buyers. Under extenuating circumstances, an advantageous private sale could be effectuated, but preferably should be first cleared with the creditors.

Administrative Features Next

After sale of the tangible property, the trustee is ready to handle the administrative features, to collect upon accounts receivable, to receive creditors' claims and determine their allowance, to examine mortgage or lien claims, and pay priority, secured claims, and administrative expenses.

There is no fixed time for filing of claims by creditors. Accordingly, the trustee must notify each creditor by letter advising it to file claim. By custom here, creditors generally have at least four months, following the date of the assignment, to file claims. Should such claim be controverted in whole, or in part, the matter is usually resolved by informal discussion between the creditor and the trustee. Should conciliation fail, either party could obtain a court determination. Practice indicates, however, that this step seldom has become necessary.

Distribution Procedure

When all assets have been fully converted into cash and all tax and creditor claims have been filed and agreed upon, the trustee is ready to make distribution. In Missouri, the procedure is that administrative costs and expenses are paid first. This has been the unfailing practice for many years.

In the past few months the United States has asserted that its claim for taxes takes priority even over administrative expenses of the trustee.

In this first classification come auctioneer's fees and expenses of advertising, appraiser's fees, rent and utilities, and other items incurred by the trustee; fees of an accountant for preparation of tax returns; the trustee's fees, and the fees of the assignor's attorney.

U. S. Tax Claims Have Priority

The claims entitled to next priority of payment are the tax claims of the United States. The Supreme Court of the United States has held that in an assignment case the claim of the United States for taxes must be paid in full prior to payment of the tax claims of any State, municipality or wage claimant. Then wage claimants, under Missouri statutes, receive priority next, to the extent of $100 each for services rendered within three months prior to the assignment.

In bankruptcy, however, a wage claimant is preferred over the tax claims of the United States, State and municipal governments, to the extent of $600 for wages earned within three months prior to bankruptcy. Finally, all other taxing authorities are next in line, on an equal basis. Again, a different rule prevails in bankruptcy. There, the United States, State and municipal taxing authorities, while obtaining priority for taxes, are all on the same level, and thus receive equal treatment.

No Limitation on Tax Claim Period

The problem today in all insolvency cases, whether in bankruptcy or under common law assignment, is that there is no limitation upon the period for which taxes can be claimed. Too often huge tax claims have accrued over the years for income, Social Security, and withholding and sales taxes. These taxes often wipe out the estate and trade creditors receive little or no dividend. The Reese Bill (H.R. 2171) now pending in the Congress would tend to correct this by limiting the claim of the United States to those taxes accrued within one year before bankruptcy. However, the bill is not extensive enough, since it deals with only a bankruptcy situation and does not set the limitation, as well, in assignment and receivership cases.

Further, separate action would be required by State legislatures in regard to assignment cases, likewise limiting the period of tax recovery on State taxes, let us say, to one year. In one case I am presently handling, the State of Missouri filed an $8,000 sales tax claim, sufficient to

exclude the unsecured creditors from participation in the distribution.

After the foregoing problems are met, the trustee is prepared to dispense the net cash available to the general creditors. They are entitled to an equal ratable distribution, of course. If the trustee seeks to mark the check "In Full", or coerce you into the execution of a release to the debtor, you may rightfully strike out the indorsement, or refuse to deliver a release. The appellate courts in Missouri have held that a creditor need not accept a distributive dividend in full payment of his claim. In fact, creditors, in the very first instance, could elect not to have a liquidation at all, under an assignment. The execution of the deed of assignment, by the debtor, constitutes an act of bankruptcy, and three creditors, with claims aggregating $500, can file an involuntary bankruptcy petition.

The question which creditors must, therefore, resolve, is whether the insolvent estate should be administered under an assignment, or in bankruptcy. I prefer, under normal conditions, the assignment. I find it somewhat less costly to administer, and, the entire procedure, including distribution to creditors, can be consummated more quickly. This reservation must be made, however. Where it is believed the debtor has concealed or fraudulently transferred assets, or made significant preferential transfers, then the case properly belongs in the bankruptcy court, where the processes of investigation and recovery are more readily available. Generally, however, I believe that the insolvent debtor is honest, and his troubles are the result primarily of either undercapitalization, or mismanagement, or both.

Can't Be Expected to Assume Risk That the Customer Tries to Evade

DONALD E. MILLER
Assistant General Credit Manager
Gaylord Container Corporation
St. Louis, Missouri

IF ALL of our accounts paid within terms we creditors would need no "legal rights." A corollary to this: if all our accounts paid within terms we would need no credit managers, but our companies would be in desperate need of sales and profits.

These sales, these profits are to be found in proper cultivation of marginal business. But marginal business may be slow pay; it may present a high degree of risk; it may even wind up in bankruptcy or receivership or as an assignment case. That's why we credit managers have our place in our companies.

We must be able to detect the actual and the potential marginal situation. We must diagnose the fundamental cause of each financial sickness, and know its cure. We must develop techniques to measure, through trends, whether the disease is localized or is spreading through our patient's bloodstream to the point where it could be fatal. We prescribe preventive or curative medicine in the form of counsel and advice so that our "sick" customers will become healthy, and stay healthy.

That's the humanitarian side of our profession and we should not minimize its importance. But we owe our companies and ourselves something in the process. Doctors work for the good of their patients, but they also work for themselves and their families. Studies show doctors are the highest paid profession, not only in their feeling of accomplishment but in actual dollars and cents.

It is our goal to accept and to protect every dollar of profitable sales. It can be done, but not if we run a charity ward for Park Avenue clients; we cannot be expected to assume risks that our customers try to evade. They are the owners of their businesses and it is the traditional role of owners, not creditors, to bear the ordinary or extraordinary hazards of their business.

Is it fair or ethical for the corporation president with a half million dollars in personal resources to invest only $25,000 in his firm, to draw out a fine salary, to let his bills run seriously past due, to let his company face failure due to lack of capital? Should he not be invited by major suppliers to show an owner's confidence in his company by supplying his personal guaranty? Or even the guaranty of his wife? If he for tax reasons has advanced the corporation money and has taken notes rather than stock shares, isn't it proper and fair to ask him to sign a subordination agreement recognizing your rights as a creditor to be superior to his as an owner?

H. D. CAREY BEGUN ON PAGE 9

much more effective from the standpoint of the creditor if secured in some tangible fashion so as to give the creditor a right of action against some specific property or properties. Wherever possible, the promissory note should be secured by a chattel mortgage upon either the property which is the subject matter of the extension of credit or additional tangible personal property owned by the debtor.

A chattel mortgage is valid between the parties to a transaction without the necessity of filing or recording, and the description of the pledged articles need only be such as to show the intentions of the parties regarding the identity of the property to be mortgaged. For a chattel mortgage to be effective as a lien superior to the rights of other creditors and subsequent purchasers, it is necessary that the chattel mortgage be filed or recorded in the office of the recorder of deeds in the county where the mortgagor resides. If there is more than one mortgagor, copies of the chattel mortgage should be filed in each of the respective counties where the mortgagors reside.

File a chattel mortgage within a reasonable time after its execution. The courts in Missouri have rendered many decisions in this connection, but I suggest a reasonable time means "as quickly as possible", otherwise it is very possible that the lien will be subject to the rights of other parties.

The property covered by the chattel mortgage should be described with particularity; that is, by make, serial number or other distinguishing marks or features, and

(Concluded on page 30)

MANAGEMENT AT WORK

. . . . a problem case is solved

By FRANK A. KING
Credit Manager
Inland Container Corporation
Indianapolis, Indiana

AMERICA'S dynamic credit economy provides the executive with ample opportunities to increase his worth to his company, to himself, and to the credit profession. These opportunities permit him to work closely with the other divisions of his company, and allow him to display the true value of progressive credit management.

Not every challenge should be accepted. Besides being coupled with risk over and above the normal relationship of debtor and creditor, the case may involve conflict with management policy. Even then, however, a solution may be possible.

One of our customers, a manufacturer of household paper products, had been competing favorably with the larger companies which dominate his industry, until technological improvements in manufacturing methods by these competitors brought him to a crossroads decision.

Decides to Fight for Survival

He faced these basic alternatives—quit or expand. To quit would mean abandonment of the only industry of consequence in the small community where he lived. To expand meant pursuing a program which would tax to the limit the assets of the corporation as well as his personal net worth. After exhaustive soul-searching he came to a decision. He would fight for survival.

His program was ambitious, well planned, but for one condition—inflation. Rising costs exhausted his funds before his objectives could be reached. He needed help and he needed it quickly. Additional bank credit was impossible. The thought of sale of capital stock was discarded as too costly and posed the extra problem of loss of control and lack of time. His personal holdings were pledged to their capacity.

He decided to follow a course that was anything but unique. He would seek help from his major trade suppliers in the form of extended dating of invoices.

Our company was the first one contacted. Our immediate reaction was in the negative. We had made every effort to resist this type of request in the past, to avoid a breakdown in our terms of sale. We recognized that additional working capital would be required to support liberalized terms, and that increased exposure to bad debt loss would naturally follow.

Our plant sales manager explained the proposal. We reviewed the facts, which were quite complete. After giving full attention to the volume and profit involved, it was decided that here was an opportunity meriting consideration of an exception to the rule. We could have permitted the account to run slow in payments and have given assistance in that way. Instead, we extended our normal terms of sale by 30 days for a six-month period. This we believed would give him an objective and would allow us better control.

At the conclusion of the first six months it was obvious that the program would have to be renewed for another half-year.

Mechanical breakdowns and other forms of adversity were plaguing our customer, and operations remained on a bare break-even basis for almost two years. Each six months the program was reconsidered and renewed. In view of our large exposure—middle to high five figures—there was some reservation on my part as to whether my basic recommendation had been sound, even though payments throughout this period had been prompt.

Then payments began to slow down. A quick check with other suppliers confirmed that the situation was general. Our venture appeared to be in serious trouble.

I discussed the situation with the customer, the plant salesmanager and my superior, phoned the customer and arranged for a visit to the plant. On the way I had that sinking feeling so familiar when a serious loss is in prospect.

After the customary niceties of renewing our friendship we entered the president's private office. He was a straightforward individual who pulled no punches. Solemnly he handed me an operating statement for the month just concluded. The atmosphere was all gloom and I was prepared for the worst, but to my great relief a quick glance at the profit for the month indicated a gain greater than the total for the preceding 13 months.

The president went on to explain that after all the months of frustration they had finally succeeded in getting proper performance out of their new machinery. This one development spelled the difference between profit and loss. Our arrival could not have come at a more opportune time.

My return trip was indeed a happy one, for not only was the company entering a period of profitable operation but I had received payment for

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Closing four years of U. S. Army service in 1946 with the rank of captain, Mr. King was assistant secretary and treasurer of Paper Art Company in Indianapolis for five years. He joined Inland Container Corporation in 1952 as credit manager. He is a member of NACM's Credit Research Foundation.

a portion of the past due indebtedness, and an assurance of the balance shortly.

Considerable progress has been made in the months since our visit. While our special terms continue in effect there is every indication that they have served their purpose and soon can be eliminated, to the gratification of all parties concerned.

Extreme caution must be employed in attempting to solve a customer's problem in the manner related in this case history. It should be attempted only when the circumstances are unique and provide proper justification should other customers make similar requests. In the case in point we had a customer of long standing, with a proven record of success. The volume involved, the market for the product manufactured, and the profit factor all combined to support our decision.

At the time the extended arrangement was first consummated we were a 60 per cent supplier; today we have all the business. Purchases from us have doubled in the last three years, and give every indication of continuing upward. The profit received and to be received in the future has given us ample reward for our risk. There is personal satisfaction when trust is rewarded by success.

General Mills Sets Sales Records: Earnings Are Off

General Mills in its annual report shows record sales of $527,702,000 for the fiscal year ended May 31st, seventh successive year of a rising sales level. Earnings of $12,235,000 were fifth highest in company history but were below the previous year's peak earnings of $14,057,000. "As in many industries," notes board chairman Harry A. Bullis in a preface to the 29th annual report, "we felt the squeeze between the mounting costs of wages, supplies and other purchased items and our inability to reflect these added costs completely in the prices of our products."

Several new products were added in the past fiscal year; operations were expanded in Pakistan, Mexico and Canada. Eleven new formula feeds were developed by the company's feed division and introduced during the year. The mechanical division doubled its research and development programs.

Determining the Worth of a Going Business

Six Steps in Calculating Terms for Equitable Sale, Purchase or Merger

CERTAIN proven principles and methods can be used to calculate equitable sales, purchase or merger terms for a going business, but whatever technique is adopted must have the support of accounting and legal advice, competent technical appraisal, commercial research, and sound business judgment, says Richard W. Dalzell, who has charge of corporate evaluation activities of Arthur D. Little, Inc., New York.

R. W. DALZELL

Mr. Dalzell analyzes six steps in procedure to determine the worth of a going business from the viewpoint of the prospective purchaser seeking to establish a sound maximum price for negotiation. The principles also may be applied in part by the seller to determine reasonable minimum worth, or by two or more businesses studying merger possibilities.

The six steps in the approach found successful by Mr. Dalzell include:

(1) Determination of "business fit";

(2) Investigation of reasons why a company wishes to sell;

(3) Examination of the stated or book values;

(4) Analysis of specific components of the business in the perspective of future operations;

(5) Estimate of future earnings; and

(6) Acquisition terms.

Reasons for the importance of "business fit" are threefold, the analyst points out. Consolidation without well-defined objectives "can lead to diminished profits or other serious troubles in one or both business segments." Detailed analysis may prove that the company considered for acquisition does not "fit" one or more basic objectives. An excellent degree of "fit" may warrant consideration of a higher price if necessary.

A number of objectives may be involved. An "essentially risk capital group" may be interested in virtually any type of business with a reasonable possibility of higher than average earnings and investment appreciation, but in most instances the objectives should be more clearly defined.

"They might deal with forward or backward integration to achieve, for example, a broader profit margin on basic products or to obtain research and development facilities; uniform quality; ample supply; manufacturing profits on materials or components currently purchased. Alternatively, these objectives might be pointed toward product and market diversification, based at least partially upon tangible and intangible assets within the current business." In any case, objective should be defined before further consideration.

Joint operation might present special values not available to either business individually. Clear definition would help determine if such potential values would justify consideration of a higher price, if necessary to reach agreement.

> ***"While past performance may be somewhat indicative of present worth and future earnings, it cannot be depended upon as a sound indicator of where a business is going."***
>
> **—R. W. Dalzell**

Why are the owners considering sale of the business? If logical reasons are lacking, one or more fundamental problems may be indicated. Detecting them in the preliminary stages of negotiation could save considerable time and money, especially if so important as to cause rejection by the prospective purchaser, Mr. Dalzell notes. Furthermore, "insight into reasons for selling can often equip the purchaser to negotiate on terms most suitable to the seller's needs or desires."

Legitimate reasons for selling, he says, might include advancing age of equity management, conversion of income to capital gains for tax purposes, equity capital needs, desire for investment diversification by a limited group of owners, or lack of agreement in family business management. These reasons, once identified, may be no obstacle, but there may be reasons presenting grave problems to the ownership or management, such as "technological obsolescence, in product or process; serious inroad of competition and long-term loss of customers; impending tax claims or other suits; diminishing sources of raw materials; long-range plans for highway or other transportation diversions affecting company transportation economics or transient trade."

Examination of Stated Values

Examination of company records of balance-sheet values and earnings "over a reasonably long period, say 10 years," should include both verification and analysis, Mr. Dalzell suggests.

"To conform with good business practice, of course, the seller should provide audited annual statements, certified by outside public accountants. It is generally advantageous for the prospective purchaser's controller or public accountants to meet with the firm certifying the statements under examination, to discuss their auditing and evaluation procedures. In some instances, a physical appraisal of real estate, equipment, and inventories should be undertaken to establish current values.

"Counsel should examine legal and other pertinent documents, such as indentures, corporate charters, stock restrictions, executive compensation contracts, and other factors pertinent to assets, liabilities, and corporate equity rights and obligations."

First of two basic steps in analysis is calculation of a number of balance-sheet and operating-statement trends and ratios over a period of years, and general reviewal of them "in the light of background knowledge and predetermined criteria." To determine the general pattern of company growth there should also be study of long-term trends in such factors as sales, profits, and net worth.

Development of comparative industry and company data as evaluation standards is the second important step proposed. When financial statements of other companies in the same industry are not available for

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The accompanying article is a condensation of Mr. Dalzell's "How Much Is a Going Business Worth?" which appeared in "The Technology behind Investment" and was based upon his experience in evaluating companies for acquisition on behalf of clients of Arthur D. Little, Inc.

comparison, other evaluation methods should be used, such as statistics (from the U.S. Department of Commerce or trade associations) "that will reflect yearly sales, and, in many instances, profits of industry groupings under which the company can be generally classified."

Operational Analysis

Mr. Dalzell emphasizes that in addition to analysis of past performance, the following specific components of the business should be studied in the perspective of future operations:

I. Market Potential:—1. Market size and trends; 2. Composition (number of potential customers and special characteristics, such as size and financial stability); 3. Location; 4. Seasonal and cyclical characteristics; 5. Defense-economy position.

II. Product Strength:—1. Engineering evaluation; 2. Distributor, retailer, and consumer acceptance; 3. Risk of technological obsolescence; 4. Patent position (protection and infringement); 5. Product design and engineering organization; 6. Interproduct competition.

III. Distribution: —1. Marketing requirements and organization; 2. Distributor channels, where required; 3. Pricing and discount practices; 4. Credit and financing practices; 5. Service requirements and facilities; 6. Local inventory (product and spare-part) facilities and requirements; 7. Transportation economics.

IV. Competition:—1. Major companies, size, growth trends; 2. Major aspects of competitive practice (pricing, type of distribution, emphasis on high- versus low-priced items, and research leadership); 3. Allied lines or integrated activities of opposition.

V. Management:—1. Management contribution of purchasing company;

2. Quality of existing management, top and middle groups; 3. Willingness of management to stay on; performance that might be expected of them (considering age and personality), and compatibility with purchasing company's management).

VI. Research and Development:—1. and 2. Product and process research and development requirements and organization; 3. Patent portfolio.

VII. Manufacturing:—1. Raw material resources, availability, transportation economics (possibilities for vertical integration); 2. Plant processes and equipment (physical condition, efficiency in terms of industry standards, risk of technological obsolescence, location relative to raw materials, labor, markets); 3. Plant expansion possibilities; 4. Industrial engineering; 5 and 6. Quality and production control; 7. Cost accounting; 8. Labor situation (union contracts, wage scales, work-stoppage record).

In the operational analysis, customers, competition, trade associations and other outside groups must be interviewed, and by specialists.

Estimate of Future Earnings

An experienced controller or accountant, with the aid of other major participants in the evaluation, should consolidate the results of the examination of stated values and operational analysis to project probable future earnings at given levels of general business and any major investments needed.

Acquisition Terms

Mr. Dalzell notes that certain principles of financial evaluation and arrangement of purchase terms should be observed, including the human factor, tax consideration, purchase methods, type of consideration, and purchasing price.

Terms designed to help the other party (buyer or seller) to solve a problem can often effect a transaction at a lower cost.

With qualified tax counsel consulted throughout, it is possible, under the Internal Revenue Code, "for stockholders of the selling corporation, under certain types of stock-exchange transactions, to defer their capital-gains tax on the purchasing corporation stock received in exchange for that of the selling corporation, until such time as the newly acquired stock is sold for cash or other consideration." A properly prepared offer can help obtain relatively favorable terms for the purchaser.

Two ways to buy are: either acquire the business' stock and so assume ownership, or acquire the assets with or without assumption of liabilities (the assets including facilities, personnel, licenses, patents, trade names, and the like). The major advantage of acquiring the assets is that usually it provides assurance the buyer will not be called upon to assume any undisclosed or contingent liabilities. Acquisition of the stock might be preferred to obtain a tax-loss position for preceding years that might be applied against future consolidated profits. Part of the purchase price can be held in escrow against contingent or undisclosed liabilities.

Various types of consideration can be used, from all-stock to all-cash arrangement. An all-stock deal can be made more attractive by authorization and issuance of certain preferred securities rather than an offer of all common stock.

Deferring Part of Agreed Price

Deferring a portion of the agreed price, to become payable on attainment of anticipated profit goals, might be advantageous where future earnings might be considerably higher. In reaching the value of fast-growing businesses this plan has been particularly useful.

"The price paid for a going business," Mr. Dalzell writes, "is generally based on its future earnings, capitalized on one basis or another. Such capitalization can be on a wide range of worth-to-net-earnings ratios—in our experience, from 3 to 1 to 20 to 1, depending upon a number of factors. These factors include further investment requirements; anticipated stability of earnings of the selling company; level of earnings of the capital invested by the purchasing company, particularly where the purchasing company's stock will be utilized; degree of risk involved; long-term growth prospects; value of net assets; and general market conditions."

Sometimes but not always, he adds, general guides to the ratio may be had from market prices, "but, practically, the decision must rest on a full knowledge of the facts and probabilities surrounding the specific case, tempered by sound experience and good business judgement."

Furthermore, it often is essential to negotiate concurrently on such matters as management contracts and board representation by the principal stockholders of the selling corporation. "If such factors are not agreed upon at the time the sale is consummated," Mr. Dalzell cautions, "they can often lead to dissension and, in extreme cases, to reduced earnings after the transaction has been completed."

> ***"Negotiating skills, pressures on the seller at a given time, and the worth of an acquisition of a specific company have considerable influence on final terms of settlement. However, certain principles of financial evaluation and the arrangement of purchase terms should be observed in an approach to such situations."***
>
> **—Richard W. Dalzell**

Asks World Convention to Protect Foreign Investments

An international convention should be established to protect foreign investments because "tendencies to disregard international law" are increasing, the International Industrial Development Conference, meeting in San Francisco, was told by Herman J. Abs, director of Deutsche Bank of Frankfurt and chairman of the Credit Institute for Reconstruction. He cited as examples the nationalization of the Anglo-Iranian Oil Company, United Fruit Company holdings in Guatemala, and expropriation of the Suez Canal Company.

A new set of recognized rules is needed to increase protection of foreign capital, Mr. Abs explained, and the one means apt to implement such protection would be "an international convention by which all contracting parties, both typical capital export and capital import countries, undertake to treat foreign capital and other foreign interests fairly and without discrimination, and to abstain from direct or indirect illegal interferences with such investment."

Salesman: *"You make a small deposit, then you pay no more for six months."*

Customer: *"Who told you about me?"*

—N. A. Rombe

Bids CPA's to Focus More On Clerical Cost Problem

A marketing executive challenges accountants to apply to office management and efficiency the zeal they give to scrutiny of marketing expenses. "In spite of all the new business machinery sold or leased in the past decade, clerical help is more expensive and in shorter supply today than five years ago," Joseph W. Roberts, vice president-marketing, of Muzak Corporation, New York, told members of the Brooklyn chapter, National Association of Accountants. He named monotony, boredom, fatigue and worker tension as four major factors "siphoning off payroll dollars."

Outflow of Private Capital Globally Sets Record Pace

Due chiefly to large increases of capital exports by the United States, Britain and West Germany, the outflow of global private capital in 1956 set a postwar record, Dag Hammerskjold, United Nations secretary general, said in a report for consideration by the Economic and Social Council. New investment funds from the United States more than doubled in the year.

The petroleum industry benefited most from the increase, the secretary said, Canada and Latin America absorbed major portions of the flow, but there was also a perceptible rise in United States investment in Western Europe.

$64 to Average Office Worker

Office workers in the United States are now paid at an all-time high averaging $64 a week, $2 more than in 1956, $5 above 1955, $7 over 1954. There were 24 jobs studied in a questionnaire sent more than 6,000 companies by National Office Management Association. The senior bookkeeper, highest paid, has $87 weekly average. (In Dallas it's $109.)

Step Up Office Efficiency to Increase Profits, N.O.M.A. Area Speakers Advise

Increased efficiency means increased profits, and many companies apprehensively viewing declining profits despite increased volume, are advised not to overlook possible savings in office operations. Office executives attending the Area 2 conference of the National Office Management Association, in Atlantic City, N.J., probed and discussed a variety of improved techniques to reduce costs, in four roundtable discussions and two technical sessions. Records management, forms control, work simplification and procedures program were first-day roundtable discussion subjects. Salary administration, supervisory training, job training and personnel development plan were second-day discussion subjects.

Stressing effective employee communications as a means to reduce costs, Dr. Arthur Secord, director of community service, Brooklyn (N.Y.) College, gave five guide rules:

1) You must speak the other fellow's language.

2) In any particular situation, remember there is never more than one main point involved. (Don't dilute the effectiveness of what you're trying to convey by "covering the waterfront.")

3) That one point should be dramatized by an example. (This helps the employee to remember).

4) Master the intelligent use of praise. (Don't praise as a prelude to finding fault.)

5) Utilize courtesy and tact. (He defined tact as "the ability to let the other fellow have your way.")

The "properly motivated person" often is found capable of doing things he otherwise could not do, said Dr. Secord. The "troublemaker" employee may be so because he is not receiving the proper "psychological return" from his work. Dr. Secord is author of "How to Tell . . . What You Know," a handbook for management men and supervisors.

"An egg's character is immediately evident when it is broken. A man's character is often signified when he is broke."

—Douglas Meador

Absence of a personnel development plan is company shortsightedness, executives participating in the personnel development roundtable agreed. Department heads were reminded there are "two wages," the cash wage and the mental wage, the latter involving an employee's feeling of appreciation and development. Both "wages" should be incorporated in company plans.

Job training now includes diverse "fringe benefit" plans. Participants noted these in existence at their respective companies: having the community college come out to the plant for courses; company pays all or part of employees' college tuition; in-company supervisory courses. Both management consultants and company staff were reported to be utilized for in-training programs.

Employee-Training Service

Employee-training helps provided as a service by equipment manufacturers were rated valuable office operational aids. Mentioned were Bell Telephone system's operator training; International Business Machine Corporation's training program for electric typewriter users, which one participant reported valuable to all typists in the company; Remington Rand work simplification forms for charting time and all other factors involved in office tasks; and the Shaw-Walker payroll accounting system service. In the last-named, a manual system, Shaw-Walker service operators instal the system, train individuals in the use of it, and follow up at periodic intervals. The service operators act also as "troubleshooters" and are available for training employees newly placed on the accounting procedure.

Forms analysis was stated to be a good starting point for a work simplification program. One company spokesman reported forms simplification in the factory enabled reduction of the clerical staff from 53 to 32 workers. A common experience of companies reviewing their procedures for possible installation of automated equipment has been simplification through elimination of a number of outworn procedures, with consequent savings.

Company President Tips Off Credit Managers:

Top Bosses Require Tender Nurturing

By EDWARD T. McNALLY
President
The McNally Pittsburg Mfg. Corp.
Pittsburg, Kansas

TOP bosses need and deserve tender care and cultivation by their credit managers. Whether we like to admit it or not, bosses are people. When we think about cultivating them, we are constantly forced to remember that, as people, they are complicated gadgets that get out of order rather easily. Bosses even have emotions. They get tired. They get nervous. Some of them even get lazy—physically and mentally. Sometimes, for a variety of very human reasons, they lose their nerve, their courage, their leadership. Sometimes, when they are besieged with numerous urgent problems, they haven't the strength to deal with any of them efficiently and decisively.

E. T. McNALLY

In sizing up the job of cultivating a boss, it is helpful if we appraise his strengths and weaknesses, so that tender care can be applied to the right spot at the right time. Further, the appraisal will be aided if we realize how he got to be the boss.

Frequently, these qualities are not the qualities that are most useful to the man when he becomes the top boss.

Frequently expert specialists become top bosses, only to find that they have difficulty in divorcing their interests from their specialty, to the detriment of all the other responsibilities that come with being the top boss. They need help with problems that are new to them and problems they don't like.

Being the top boss is not unlike trying to read a dictionary as if it were a novel. The subjects constantly are changing. Some bosses simply can't bring sufficient mental agility to the job to cope with such rapid changes of subject and pace. They need help toward simplifying their job.

All bosses are different. But all bosses are the same in that they need and deserve the thoughtful appraisal of those upon whom they depend, to the end that the performance of the boss is an exact measurement of the performance of those whom he has employed to help him.

Traditionally, the boss is paid to do three main things:

1. **Make profitable decisions.**
2. **Make profitable plans.**
3. **Get other people to do the work.**

What can credit managers in particular do to help the boss do the three main things he is paid to do? These three jobs are constants for all bosses—only the bosses are variables.

While the constants in the top boss' job can normally be attacked by usual methods, it is important that credit managers, for example, appraise the variables in the top boss' personal makeup, if the cultivating is to be effective.

Psychologists tell us that the world is divided into two parts:

1. **The problem solvers**
2. **The riddle mongers**

Unfortunately the second group considerably outnumbers the first. These are the people who, when confronted by a problem, immediately run to some other person, not only for assistance in solving the problem but for ready-made solutions. These are the people who frequently darken your door and your outlook with a "What shall we do about such and such?" The chronic offenders do it with a sort of "this will rock him" glint in their eye.

On the other hand, the first group of people, the problem solvers, are people with the sort of mental makeup that causes them to find pleasure in solving problems alone. The problem solver is the fellow who frequently is way ahead of the boss. He is the fellow who frequently reports the status of work accomplished. He is the chap who frequently brightens your day by sticking his head in the door and saying, "We're going to do such and such about such and such unless you have a better idea."

I suspect, however, that the problem solvers are divided into two additional main groups. In the first group we are very apt to find the aggressive, intuitive sort of person who energetically attacks all problems alone but is likely to bet on hunches, gamble on intuition or act abruptly on a snap judgement. Bosses appreciate the performance of such persons despite the fact that the latter are frequently in hot water when their decisions go awry. I suppose it's a matter of batting average. Lots of them get fired. Lots of them are made presidents.

The second division of the problem solvers is probably made up of men who find mental satisfaction in making complete analyses of the problems. Such persons are subject to the weakness that they may continue their analyses indefinitely without ever arriving at a decisive solution. Or they may make sound decisions but never get them executed because they never get them sold.

It is probably true that top bosses are problem solvers, but it is important for those who work for them to remember, always, that top bosses, since they are confronted with numerous problems and inadequate time, like to receive, with analyses, several tentative or alternative or recommended decisions.

I suppose, as a group, credit managers are employed primarily for their capacity to analyze credit situations. Frequently I am afraid the analysis is not carried to the sort of completion that results in a clean-cut decision that can stand on its merits.

If top bosses are to be cultivated

The question for each man to settle is not what he would do if he had means, time, influence and educational advantages, but what he will do with the things he has.

—Anonymous

After receiving his diploma from the University of Notre Dame and doing a year's graduate study in business administration at the University of London, Edward T. McNally in 1937 joined the staff of the McNally Pittsburg Manufacturing Corporation, Pittsburg, Kansas. In 1955 he succeeded his father as president. In World War II he was a Navy supply officer on Okinawa.

The corporation engineers and builds coal preparation plants. One of its three subsidiary companies fabricates and assembles airplanes—the Helioplane.

by credit managers, credit managers must increasingly supplement their analyses with decisive recommendations for action. This is probably more generally true in the relationship between credit managers and their top bosses, than between any other corporate managers and their bosses, due to the fact that the analysis of credit situations automatically involves the exercise of experienced judgment.

"Courageous Prudence"

J. H. Tregoe, a former executive secretary of the National Association of Credit Men, coined two phrases back in the credit-sick years of the 30's that should be fixed in the mental equipment of credit managers.

Mr. Tregoe preached that credit decisions ought to be made with "courageous prudence" and that once those decisions were made, whether the decisions were defensive or offensive, they needed to be defended with "flexible firmness."

All of us have the experience that arriving at decisions is an extremely painful process.

On the other side of the coin, psychiatrists tell us that one of the commonest causes of mental upset is reluctance to make decisions. This is the reverse way of saying that people worry themselves sick.

It is the job of corporate managers not only to make decisions but to make profitable ones. In years past, business managers, like Horatio Alger, seemed to rely chiefly upon a sort of instinctive or intuitive sense. There probably remains some area for the exercise of this intangible talent, but I expect that decisions will be more profitable if they are conceived by more scientific methods.

Psychologists for years have been telling us that there are four basic steps in making sound decisions.

The first step involves discovering that a problem exists and that it demands a decision. Obviously, if potential problems can be anticipated, more time remains for finding solutions. Problem solvers are constantly looking for new problems to solve.

The second step involves preparation of a complete description of the nature of the problem. It is at this step that most problems are solved and profitable decisions made, because most problems suggest their own solutions when they are completely and accurately described.

The third step is the most difficult. This involves the assembly of factual evidence to support or defeat alternative solutions or decisions. It is in this step that we are inclined, because of mental laziness, to rely on intuition and to bet on a hunch. Collecting factual evidence needs careful appraisal for completeness, objectivity and prejudice. We need to appraise the viewpoint of the person relating the factual evidence. We need to discount the persuasive force of precedent. We need to employ clear judgment to appraise the significance of small present facts that have the potential of becoming important future facts.

Bugaboo of Procrastination

The fourth step in problem solving involves making the decision itself. The bugaboo is procrastination. In the fourth step is involved the exercise of judgment that the exact time for making a decision has arrived. Certainly decisiveness is a matter of timing, but it is not necessarily a matter of speed.

To these four traditional steps I have added a fifth. Good decisions are useless if they are not sold to the man responsible for getting them executed. Credit managers more and more will be responsible for selling their decisions to the top boss. Credit managers worth their hire will have to provide increasing leadership.

I have indicated that of the three things top bosses are paid to do, the second is "making profitable plans."

Bosses appreciate, need and deserve to have readymade plans presented to them by those who work for them. It is advantageous to lay before the

(Concluded on page 36)

Simple Forms System and Offset Paper Plates Speed Accurate Inventory Report to the Field

GETTING accurate, current inventory information to widely dispersed field representatives is a constant headache to many companies. Time-consuming problems are added when warehouse and central office are geographically separated. This company solved the problem with a simple forms system utilizing its offset equipment in conjunction with "Colitho" direct image paper plates, proof that elaborate data processing systems may not always be indicated.

DUNCAN BROUGH

Sent Throughout Country

"The Waverly Fabrics stock report is sent to some 250 people located throughout the country," explains C. Duncan Brough, purchasing agent for F. S. Schumacher & Company (Waverly Fabrics), New York. "We formerly used the method of hand-posted visible records, transferring by hand to the previous week's Waverly Stock Report, and then making the change in type on Multigraph drums. With close to 6,000 Waverly items involved, and 30 per cent changes a week, the problem becomes even more complex. The original process required a crew of four clerks to post each order, arrival or other change to a visible card system and to maintain a perpetual stock balance on each item on the cards.

"Small plastic signals in the card file pocket expedited transfer of these changes to the previous week's Waverly Stock Report. On Mondays, an employee went through the visible card records and wherever a signal had been inserted the new balance was manually transferred from the card to the previous week's issue of the Report. The old printed balance was crossed out and the new balance written in, in red ink, beside the old crossed-out balance. This process took one person three and one-half days.

"This marked-up stock report was then sent outside to be multigraphed. To reset the type for the indicated changes on multigraph drums took four men nine hours. Running off the new report took 12 hours of multigraph time. After the run, the drums were retained for the next week's issue.

"We were spending a lot of money for a Report which was already seven days old by the time it got into the hands of our Schumacher and Waverly salesmen, and by the time they were through with it the information was twelve days old.

"There also were three sources for error: 1. Posting the cards; 2. transferring information from visible cards to the preceding stock report; 3. resetting the type for the new changes."

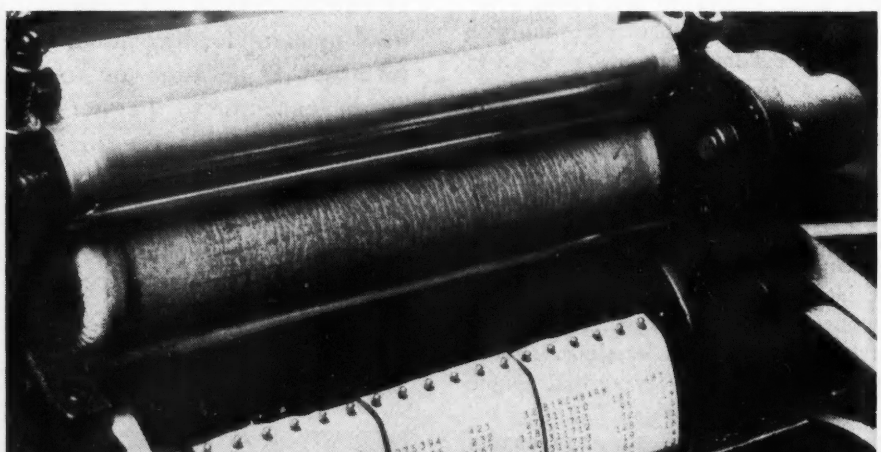
The above problems all existed when the stock records were in New York at the central office. When it was necessary to move the records to the warehouse in Massachusetts, problems increased greatly because of the time required to transmit information.

"We solved this by having our warehouse punch an IBM tabulating card for all stock transactions. These included, of course, all orders, arrivals, transactions.

"After punching, cards were verified, which took as much time as the original punching and amounted to one-half day for verifying. These cards were sent down overnight from Massachusetts to the New York office where they were tabulated by item the following day, and the report run by item number. This report listed and tabulated only the items active during the previous day, thus reducing the transactions to be posted to about 60 percent of the actual total. This enabled us to reduce our New York stock record personnel to two from the original four.

"The situation now shaped up as follows: we had punched cards available for information, a Colitho ribbon on the tab machine, and an offset duplicating machine. We needed 325 copies of columnized and tabulated information.

"To solve the problem we first



CLOSEUP of three Colitho direct image paper plate masters on offset duplicating machine at F. S. Schumacher & Company (Waverly Fabrics), New York. From these marginal-punched strips the company turns out a weekly stock report of some 60 pages, 6,000 listings, which is distributed to representatives across the country. The finished stock report measures 9½" x 12".

punched master item cards with inventory balance. Every Wednesday afternoon the previous week's detail cards were merged with the master item cards. This collated check was then tabulated and listed on narrow Colitho Direct Image Paper Plates, measuring slightly less than one-third page width. (The Colitho offset plate is a product of Columbia Ribbon and Carbon Manufacturing Company.) We were actually limited to $2\frac{3}{4}''$ of printing space on each strip. The listing done on our 403 Accounting Machine took four hours.

The Colitho strips (marginal-punched for feeding through the 403), were trimmed, leaving a strip $2\frac{15}{16}''$ wide, which fitted three strips abreast on the offset duplicating machine, with space between strips to allow for shift. This allowance was necessary because the strips were merely hooked at the top on a hooded pin bar.

"The three-column arrangement required $9\frac{1}{2} \times 12''$ paper instead of the regulation $8\frac{1}{2} \times 11''$, which actually saved paper because we now were getting complete coverage, and did not have to allow blank columns for the insertion of new items, necessary under the old system of type-set drums.

60 Pages under Seven Hours

"Using this rapid method of setup our offset operator was able to run the full report of 60 pages in less than seven hours."

Summing up the advantages of the new system, Mr. Brough notes:

"1. We have gained accuracy by eliminating three possible procedures where human error could creep in.

"2. We have gained speed. The information reaching our salesmen is based on records more current by three days than the former manual job.

"3. We have saved time, money and personnel."

A new master summary card has been created, listing the balance of every item whether active or not the previous week. These summary cards are merged with the items of the following week.

Investment Bankers Elect

William C. (Decker) Jackson, Jr., president, First Southwest Company, Dallas investment concern, is the new president of Investment Bankers Association of America. He succeeds Robert H. Craft, president of Chase International Investment Corporation.

More Checkbook Money Use

A more intensive use of checkbook money is indicated by the increase in the annual rate of deposit turnover from 21.9 in September 1956 to 23.8 in September 1957, reports the Federal Reserve Bank of Cleveland. Total bank debits at reporting banks in 32 Fourth District centers for the first three quarters of last year were about 9 per cent above the total debits volume of the comparable period of 1956.

Credit Control to Cushion Any Recession Not Unlimited

Credit policy, though it can be readily adapted to changing appraisals of the business outlook and even swiftly reversed if necessary, nevertheless does not have unlimited power to cushion any recession, as Federal Reserve officials have confirmed, Roy L. Reierson, vice president and chief economist of Bankers Trust Company, New York, told the Fourth Pitt Conference on Business Prospects, at Pittsburgh. Development of a contracyclical fiscal policy is a less promising tool, he said.

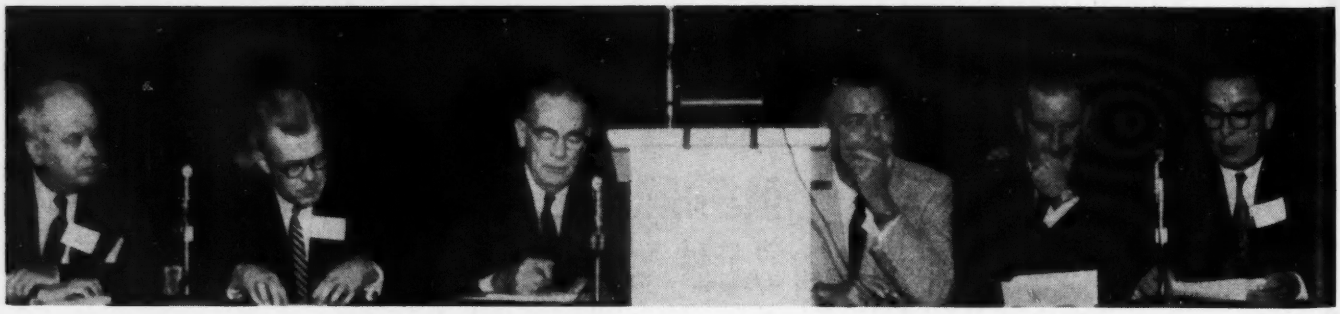
"Much depends upon business developments in earlier phases of the business cycle," Mr. Reierson declared. "In 1954, for example, credit ease undoubtedly helped to moderate the sag in business and set the stage for the ensuing investment boom, but it must be recalled that the earlier advance in business activity—that of late 1952 and early 1953—had been brief, fairly moderate, and relatively free of important maladjustments. If, however, more serious and sustained imbalances are permitted to develop—such as costs and prices of important commodities advancing faster than purchasers' incomes, industrial capacity becoming excessive, debt rising more rapidly than underlying earnings, and expectations of sales, production or profits soaring to unreasonably optimistic levels—an easing of credit may be considerably less effective."

LEFT: HONORS to Harry W. Voss and Mrs. Voss on his retirement after 24 years as secretary-manager of the Cincinnati Association of Credit Men and 40 years of service to Credit. Irwin W. Stumborg (right), Baldwin Piano Company, immediate past president NACM, and F. M. Hulbert, Procter & Gamble Distributing Company, Inc., were co-chairmen for the testimonial dinner.

RAY M. GIDNEY (left) receives plaque from John B. Schoenfeld, president, New York Credit & Financial Management Association, at a testimonial dinner for his many contributions to banking, commerce and Government as comptroller of the currency. (Account in January CFM.)

R. J. McKENNA (left), Toledo Plate & Window Glass Co., receives certificate for outstanding service at the close of his term as president of the Credit Association of Northwestern Ohio. Reading the inscription to him is N. M. Scharf of the Toledo Edison Company.

LEFT: Golden Anniversary dinner of New Jersey Association of Credit Executives. At speakers table (l to r): Harry C. Pfost, Simmons Co., NACM director; Earl N. Felio, Colgate Palmolive Co., president of Credit Research Foundation; W. Ed. Foster, Shoup Owens, Inc, 2d v.p. N.J. assn.; E. B. Moran, NACM vice president; F. M. Smith, Raybestos-Manhattan, Inc., Manhattan Rubber Div., N.J. assn. pres.; The Reverend Clarence Leslie; W. W. McLaren, Jr., Theo Andreas, Inc., 1st v.p. New Jersey assn., and J. F. Berg, National Oil & Supply Co., treasurer of the New Jersey credit organization. Mr. Moran was the guest speaker.

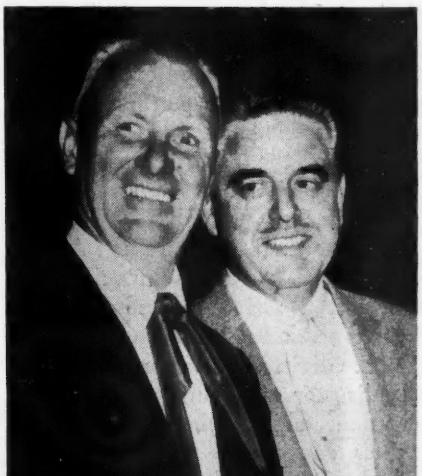


PANEL of financial editors and columnists at the Great Lakes Credit Conference in Chicago. (L to R) Philip Hampson, Chicago Tribune; Ross Dick, Milwaukee Journal; moderator David Dillman, public relations manager, Inland Steel Company; Sam Lyons, Finance Magazine; Robert Vickers, National Automotive Credit Service, Detroit: Ed Kandlik, Chicago Daily News.

PAST PRESIDENTS pass along experience to the newly elected leader of the Rocky Mountain Association of Credit Men, Ralph V. Peoples (extreme right). Mr. Peoples is division credit manager of Continental Oil Co. (L to R) Harold Kountze, Jr., v.p. Colorado National Bank, immediate past pres.; James B. McKelvey, secretary-manager; Fred L. Andrews (pres. 1927-29), chairman, Past Presidents Group; and Ray Erickson, v.p. United States National Bank in Denver, and NACM director. Elected vice president: Clark R. Gittings, Gittings Lumber Co., Inc.; treasurer, Roger C. Gifford, Ready Mixed Concrete Co.

RIGHT: Joseph L. Wawrzaszek, Jr., (second from right), Auburn, N. Y., student at Syracuse University, receives 1957 Robert Bertram Rountree Memorial Award from Arthur W. Sanford. The award, sponsored by the Syracuse Chapter, National Association of Credit Men, and administered by a joint committee, headed by Mr. Sanford, is named after a Syracuse resident who figured prominently in the founding of the university's college of business administration. Others in the picture: (l to r) Dr. Morris E. Hurley, dean; Dr. Eric W. Lawson, and (at extreme right) Edwin H. Buickerood, The Alling & Cory Company, Syracuse Division, association president.

MILO O. HANZLIK, retiring as secretary after 30 years of service to the Cedar Rapids (Iowa) Association of Credit Men, is honored with Mrs. Hanzlik at a testimonial dinner meeting. Among the gifts was a wrist watch, presented for the association by David R. Pugh, Cedar Rapids Auto Supply Company. In the course of his tenure of office as secretary of the association Mr. Hanzlik saw the currents of a variable national economy eddy through good times and bad, through one major depression and two minor recession periods, followed by a decade of high prosperity and easy credit and into the beginnings of the delayed postwar adjustment, prior to the upswing predicted for the midsummer ahead.



HAROLD J. POWERS (left), lieutenant governor of the State of California, with Thomas A. Foster, credit manager of Stationers Corporation, Los Angeles, who recently received the Fellow Award of the National Institute of Credit, NACM. Mr. Foster is treasurer of the Los Angeles Chapter of the National Office Management Association.

ON THE
Personal Side

JAMES F. TOOLE has been appointed treasurer, Sperry Rand Corporation, Great Neck, N.Y. He continues as vice president and treasurer of Sperry Gyroscope Company, Division of Sperry Rand Corporation. Mr. Toole began with The Sperry Corporation in 1937 as an accountant, was transferred to Sperry Gyroscope Division in 1941, and was made general controller of that division in 1947. He was appointed vice president and treasurer of the division in 1952. He is a certified public accountant.

At the same time, Charles Ondrick was named controller of Sperry Rand.

H. M. MCDONALD has been advanced to general credit manager, marketing division, Cities Service Oil Company (Del.), with headquarters at Chicago. He began with the company in 1925 at Tulsa, Okla., was transferred to Kansas City, Mo., in 1929 as division credit manager, later becoming regional credit manager, post prior to his new advancement.

Mr. McDonald is active in credit progress affairs. He is past president, Kansas City Wholesale Credit Association, Contractors Credit Bureau, and Retail Credit Association of Kansas City. He has served on the board of governors of the petroleum refineries group, NACM, and is a charter member of the American Petroleum Credit Association.

HAROLD F. RAY has joined Ansco, Binghamton, N.Y., as financial staff assistant, a newly created position. He will work on general assignments with the division controller, treasurer, and director of planning, in addition to undertaking major economic studies concerning short and long-term business problems. Mr. Ray was with Electric Bond & Share Company, New York, from 1923-44, later with Colorado Fuel & Iron Corporation, Great American Industries, and most recently with Hat Corporation of America, South Norwalk, Conn., where he was treasurer and controller.

WILLIAM F. BURGESS has been appointed assistant manager of the international division, General Motors Acceptance Corporation, at Copenhagen, Denmark. Mr. Burgess attended the NACM Graduate School of Credit and Financial Management, Dartmouth, in 1956 and 1957. His company will return him to the United States in the summer of 1959 to finish the third year of the Graduate School course.

MILTON J. BARBER is now general credit manager of A. G. Spalding & Bros., Inc., Chicopee, Mass. Mr. Barber, formerly credit manager of Tinnerman Products, Inc., Cleveland, during his 10 years with that company was chairman and moderator of the manufacturers and wholesalers credit and financial executives seminar of the Cleveland Association of Credit Men, and the past three years was a trustee and director of the association.

Elected vice presidents of First National Bank of Boston are John M. Curtis, Frank S. Dewey, Jr., Craig B. Haines, George E. Putnam, Jr., and Donald C. Watson. Among those named assistant vice presidents are George E. Phalen, Jr., and Leo F. Prendiville, and Bernard Kopel has been made a loan officer.

Mr. Phalen and Mr. Prendiville hold the Executive Award of NACM's Graduate School of Credit and Financial Management (Dartmouth), and with Mr. Curtis and Mr. Kopel are members of the Boston Credit Men's Association.

JAMES I. SCHWARTZ has been named vice president and general manager of Metropolitan Block & Supply Company, Bladensburg, Md.

E. L. VONEIFF, JR., has been appointed manager of the Chicago office of American Credit Indemnity Company of New York, and BRYCE D. DAVIDSON has been named Philadelphia manager.

J. F. TOOLE

H. M. McDONALD

W. F. BURGESS

H. F. RAY

L. D. DEAL, who began with Lyon Metal Products, Inc., Aurora, Ill., as assistant auditor, has been elected president to succeed the late H. B. Spackman. A. W. WALAN has been named secretary and treasurer, and J. B. GOSSETT assistant treasurer.

WILLIAM J. DABE, of L. F. Dommerich & Company's California office, has joined the credit department, cutting-up trade division, of Hubshman Factors Corporation, New York, and Louis Peterson, formerly with Mill Factors Corporation, is now with the retail trade division.

RAYMOND T. ANDERSEN has become vice president, Metropolitan Division I, Bankers Trust Company, New York City. At the same time, Robert K. Hynes was named assistant vice president in that division. Mr. Andersen began in the credit investment division 12 years ago and was promoted to assistant treasurer in 1951, assistant vice president in 1953. Mr. Hynes began in the Wall Street credit division of the bank in 1946.

JOHN H. PETO has been named credit manager-dealer accounts of Worthington Corporation, Harrison, N.J.

BEVERLY D. TAYLOR, formerly controller, has been appointed treasurer of Robertshaw-Fulton Controls Company, Youngwood, Pa. He succeeds Walter H. Steffler, who resigned as treasurer but continues as secretary of the company.

O. H. BERRYMAN, vice president and assistant treasurer, John Pritzlaff Hardware Company, Milwaukee, has been named assistant to the president of the company. Responsibilities of Mr. Berryman now include special projects division, chief of labor relations negotiations, maintenance control of company organization and development of overall company budget. He formerly was manager of credit sales and head of the credit department. Mr. Berryman is a past president, Milwaukee Association of Credit Men (1948-49), and he has been an active member of the fraud prevention committee.

Edward P. Mosey succeeds Mr. Berryman as credit manager at Pritzlaff.

C. H. DIDRIKSEN has been appointed president of the newly formed RMB Corporation, wholly owned subsidiary of Royal McBee Corporation, Port Chester, N.Y. RMB has been organized to provide specialized financing service for instalment sales and the leasing of Royal McBee products. Mr. Didriksen had been associated with General Motors Acceptance Corporation for 38 years. He was in charge of GMAC branch operations in the South and Southwest, and had been associated with the executive offices since 1935.

GEORGE C. O'CONNELL has been promoted to secretary-treasurer of The Baltimore Business Forms Company, Baltimore. He began with the company in 1952 as credit manager, advancing to assistant secretary and assistant treasurer in July 1956. Earlier he had been controller of a printing machine manufacturing company and controller-credit manager of a wholesale hardware firm.

J. R. WILSON, named vice president, Central National Bank, Cleveland, began with the bank in 1943 following extensive banking and financial experience. He has been an officer in the Ohio division of the commercial banking department since 1949. He is a member of the Cleveland Association of Credit Men and Cleveland Finance Association.

JOHN A. MINTZ, treasurer of Barnes Manufacturing Company, Mansfield, Ohio, has additionally been named president of Barnes Holding Company. In his new post he takes over various financial and internal control functions previously handled by M. H. Pryor, who relinquished the presidency of Barnes Manufacturing Co. to become chairman of the board. Barnes Holding Co. is an affiliate of the Barnes Group along with Pryor Manufacturing Co. and Johnston Water System Co. Mr. Mintz continues as treasurer and director of Pryor Manufacturing Co.

A charter member of the North Central Ohio Association of Credit Men and its first president, Mr. Mintz had been with Arthur Andersen & Company before he went with Barnes Manufacturing as treasurer, in 1939. He is a graduate of the University of Michigan (B.A., M.B.A. 1935).

W. B. WILTSHIRE, JR., has been advanced from assistant credit manager to credit manager, B. T. Crump Company, Inc., Richmond, Va. Earlier this year he was made secretary. In the credit post he succeeds the late C. L. Knowles. Mr. Wiltshire is past president of the Richmond Association of Credit Men.

WESLEY GODFREY has become treasurer of Brice Mortgage Company, Portland, Ore. He previously had been manager and assistant treasurer of B. F. Connelly Acceptance Corporation of Oregon. He is a member of the Oregon Society of Certified Public Accountants and past secretary of the board of the Portland Association of Credit Men.

ROBERT S. MOSS has been named vice president, Lightolier, Inc., New York. He continues as controller, post he has held since going with the company seven years ago from Grayson-Robinson Stores, Inc.

PAUL C. VAN VALKENBURGH has been named controller, General Motors Acceptance Corporation, New York, succeeding James J. Hanley, who has retired after 37 years with the company. Mr. Van Valkenburgh began with GMAC in 1928, at the Omaha branch, later becoming branch manager. He has been manager of domestic credits and collections at the New York executive offices since 1955.

WILLIAM T. WADE has become assistant treasurer, Armstrong Cork Company, at the Lancaster, Pa. general offices. He began with the company in 1924 and served in various accounting and supervisory positions before appointment as administrative assistant, treasurer's office, in 1943. He became assistant manager of that office in 1947.

JOHN A. KEEFE has become assistant vice president, Industrial Bank of Utica (New York). He had been manager of Friendly Finance Service for six years. Mr. Keefe is president of the Central New York Association of Credit Men and member of the Business Executive Research Committee, Mohawk Valley Council for Economic Development.

JOHN A. SARGENT has been appointed vice president-finance, General Foods Corporation, White Plains, N.Y. He formerly was president of Diamond Alkali Company. He is a director of White Motor Company and the Central National Bank of Cleveland.

GORDON A. PAUL, formerly manager of general accounting, American Steel & Wire division, United States Steel Corporation, Cleveland, has been elevated to controller of the division. He succeeds Russell M. Braund, who has been named vice president-accounting, U.S. Steel, at headquarters in Pittsburgh. Mr. Paul began with the wire division in 1948 in the works accounting department.

DANIEL D. ROBINSON, CPA, has been promoted to controller of New York University.

O. H. BERRYMAN

G. C. O'CONNELL

J. A. MINTZ

C. H. DIDRIKSEN

Guides to Improved Executive Operation

KEEPING INFORMED

THE PROTECTED PROFIT PROGRAM—Brochure outlines low-cost factoring program featuring provision of cash as needed, protection against credit losses, elimination of non-productive man-hours, and an auxiliary service of constructive sales and market counseling based upon analysis employing advanced electronic accounting procedures. For copy of booklet write Commercial Factors Corporation, 2 Park Ave., New York 16, N. Y.

ARE YOU GOING INTO BUSINESS?—16-page booklet presents list of titles of books, pamphlets and articles about starting a small business, together with name of publisher and summary of contents. Write to Bureau of Business Research, University of Pittsburgh, Pittsburgh 13, Pa. Price 75¢.

SURVEY OF CONSOLIDATED FINANCIAL STATEMENT PRACTICES—Factual study of practices followed in the preparation of consolidated financial statements by a group of industrial corporations. 329 questionnaire returns were analyzed by the Institute's research department. 31-page booklet. Write American Institute of Certified Public Accountants, 270 Madison Avenue, New York 16, N.Y.

SMALL BUSINESS PROFITS FROM UNPATENTABLE IDEAS—Bulletin 53 of the SBA tells how unpatentable ideas can be protected for the benefit of their originators. Free. Write Small Business Administration, Washington 25, D.C.

DIVIDENDS OVER THE YEARS—A basic guide for common stock investment, booklet (free) available at your local member firm of the Stock Exchange, or from New York Stock Exchange, Dept. CFM, P.O. Box 252, New York 5, N.Y.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving booklets described below in this column, address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N. Y.

EFFICIENCY TIPS

648—"Multi-Rite," catalog of The C. E. Sheppard Co., gives complete details on Mercury and other Multi-Rite pegboard accounting applications.

▼

649—Information is available on Minnesota Mining & Mfg. Co.'s new gummed and perforated "Thermo-Fax" copy paper, on which master address lists can be automatically copied for repeat mailing list purposes.

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650—With the new Dittmark Manifolding Hi-Gloss carbon of DITTO, Inc., a Direct Process duplicating master plus as many as six clear record carbons can be prepared at the same time. For details, write us.

▼

651—Samples of quality cotton-content Weston Bond letterhead paper are offered by Byron Weston Company.

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652—"How to Measure Your Filing Costs and Efficiency", 28-page manual of Remington Rand, contains formulas for measuring efficiency and guides to uncover strengths and weaknesses of filing operation.

▼

653—Brochure illustrating complete "Goldenaire" line of executive and secretarial desks is offered by Browne-Morse Company.

▼

654—Income tax note: special tinted photocopy papers to match the blue, yellow and pink forms used in specialized tax situations, are marketed by American Photocopy Equipment Co.

▼

655—Literature describing new stock models of Clary Corporation's parallel entry numerical data printers for computers, production testing, data-reduction systems, is now available. 8 pages. Ask for S-101.

BOOK REVIEWS

CASE STUDIES IN RECORDS RETENTION AND CONTROL, SERIES VII, No. 1—By editorial and production team of Controllership Foundation, research arm of Controllers Institute of America. 455 pages. $7.50. Controllership Foundation, Inc., 2 Park Ave., New York 16, N.Y.

• Discussed in this volume are Internal Developments — Administration, Procedures, Operations, in case histories of the records management programs of 13 companies. Among the subjects treated are organizational control, use of consultants, program sequence, records inventory, appraisal and analysis, vital records, microfilming and storage.

With the abundance of charts, pictures and appendices, any company management should be able, by a study of these cases, to find all necessary basic guidance for setting up a retention-control program for its own operation.

AMERICAN BUSINESS DICTIONARY—By Harold Lazarus, assistant professor of management division of business, Hofstra College, Hempstead, N.Y. 522 pages. $10.00. Philosophical Library, Inc., 15 E. 40th St., New York 16, N.Y.

• Forty-four credit terms and 14 collection terms are defined by the author, who writes that "his function is to describe the language people use in business, not to criticize usage." The more than 8,000 words and terms cover 32 areas of business, from accounting to wholesaling. While such a compendium cannot be expected to include *every* business term—for example, the various margin terms defined do not include the marginal account of credit department operations—the volume is worthwhile for overall ready reference.

(More Reviews on opposite page)

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your bookstore or direct from the publisher.

A Guide To Some Pitfalls Of Business — Irving I. Ackerman. 116 pages. $3.00. Pageant Press, Inc., 101 Fifth Avenue, New York 3, N. Y.

• Emphasizing the importance of insurance and the use of professional advice of competent attorneys and accountants, as well as banks, credit agencies and factors, the author points out that while in no sense is he telling anyone how to run his establishment, he *is* bringing to view some of the dangers the average businessman may overlook in his concentration on specialized problems of his field. Here is a handbook chock-full of valuable suggestions for the owner or partner in the small or medium-size enterprise. The author is instructor in business administration at New York University and City College of New York, and export manager of Lewis J. Stone Co.

1957-58 Credit Management Year Book, annual study by the credit management division, National Retail Dry Goods Association. $6.50 to NRDGA members, $10 to non-members. Address: 100 West 31st St., New York.

• The rise in credit department operating costs shown in the Year Book is to be evaluated in terms of the continued increase in use of revolving credit, a type of account usually accompanied by higher debt losses, says division manager Trotta. Detailed also are new credit plans and concepts including "optional" and "all purpose" accounts. Among the many features is a section on smaller store credit problems.

OTHER BOOKS REVIEWED AND RECOMMENDED

Wage Incentives as a Managerial Tool —By William B. Wolf. $3.50. Columbia University Press, 2960 Broadway, New York 27, N.Y.—This effective and interestingly presented study of wage incentives in manufacturing plants separates the sense and non-sense use of wage incentives to remunerate rank-and-file factory workers. It covers not only the theory but also the use and understanding and logic of the use of wage incentives, also the effect and problems and the evaluation of costs. The author's views and recommendations should be studied by all personnel managers as well as cost accountants and executives.

Dynamic Selling—By Luther Aubrey Dunn. $2.50 Vantage Press, Inc., 120 West 31st St., New York 1, N.Y.—In an easy reading fashion this book blueprints the way to a successful selling career, stressing the positive approach. It emphasizes the value of knowledge of one's product, offers tested ways to engage attention, obtain the confidence of the buyer and overcome objections, and it presents many other rules necessary to a successful selling career. A manual for the neophyte and a refresher for the experienced salesman.

How to be a Winner in Selling—By Hugh S. Bell. $4.95. Prentice-Hall, Inc., 70 Fifth Ave., New York 11, N.Y.—The author, an ex-athletic coach, claims and substantially proves that any salesman can achieve a "winning mental attitude" that will pay off, that the basic traits which a salesman must have are not always inborn but can be developed. This book highlights many suggestions and ways to overcome pitfalls. Easy reading. Inspirational. Constructively suggestive. Motivating and highly recommended, whether you are a salesman or a creditman.

Changing Patterns in Retailing — by Wingate and Corbin. $6.00. Richard D. Irwin, Inc., Homewood, Ill.—A collection of 53 readings from recent literature covering each of the significant areas in which retail patterns are changing. Explanatory introductory sections give factual highlights for each subject.

My Lifetime Treasury of Selling Secrets —By Charles B. Roth. $4.95. Prentice-Hall, Inc., 70 Fifth Ave., New York 11, N.Y.—Covers all the angles of selling, from deciding your aptitude for selling to what to do to guarantee your future in selling, with a wealth of information on the techniques and attitudes that make a sales leader. Presented in an interesting and fast moving story, it is in a manner a record of the successes of the author, who is one of the nation's leading salesmen and sales consultants.

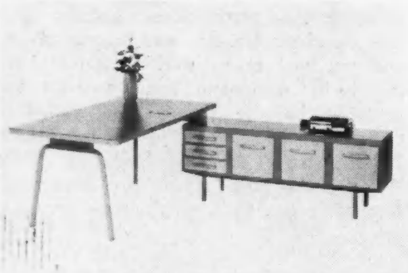
Bank Financing of Small Loan Companies—Booklet (112 pages), of special interest to bank loan officers, presents not only digests of pertinent laws but also chapters on characteristics and operation procedures, sources of working capital, followed by composite ratio analysis and financial balance sheets. The author is Charles J. Kane, vice president, Citizens Fidelity Bank & Trust Company. Write Wilder Publishing Co., 107 Don Alen Road, Louisville, Ky. $1.00 single copy. Quantity prices.

Accounts Receivable Financing as a Method of Business Finance—Dr. Clyde William Phelps here discusses reasons for using this kind of financing, a $5 billion industry, also trends, rates and costs, and supplementary financing services. A summary conveniently precedes the detailed discussion. Second in a new series of monographs. Available without charge for schools. Education Division, Commercial Credit Company, 300 St. Paul Place, Baltimore 2, Md.

Modernizing the Office

New Equipment to Speed Production and Reduce Costs

Executive Furniture



450 Highly-styled executive furniture made of metal features the EXECUTIVE TECHNIPLAN modular office furniture line of The Globe-Wernicke Company. Executive Techniplan is available in a wide selection of color combinations. Choices of desk tops and auxiliary tops, pedestal styles, number of end legs and panels, sections for use under auxiliary tops, offer great latitude in selection of arrangement and personal expression. L-shaped integrated arrangement (shown) places all working tools within executive's fingertip reach and illustrates "custom-type" installation that is composed of standard elements.

Versatile Photocopier

451 New uses for the photocopy machine in the office are made possible with the brief-case CONTOURA-PORTABLE of F. G. Ludwig Company, Inc. Used face-up, Contoura copies anything written, printed or drawn—including crayon, pencil, spirit duplicator—to produce a crisp, black permanent copy, states manufacturer. For photocopying from bound books, Contoura follows page contours right to margins. Only normal office lighting, one setting is required for all material. Unit will make transparencies for use with Diazo and will produce negative film for offset printing plates.

Typing Automation

452 Increased typing productivity is made possible with the new ROYAL AUTOMATIC FORMSWRITER, which eliminates manual handling of continuous forms, permitting all of operator's time to be given to productive typing. Applications of the Formswriter typing machine of Royal McBee Corporation include billing, Sten-C-Labels simultaneously with invoices or bills of lading, collection notices, fill-in letters. Regardless of the number of forms to be typed, the operator positions only the first form. Vertical spacing is controlled automatically. On fill-ins, envelope can be addressed simultaneously, as a byproduct, on a second Formswriter hooked up via the Royal Robomaster. Descriptive brochure available.

This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Address MODERNIZING, Credit & Financial Management, 229 Fourth Ave., New York 3.

Coffee Hunger Satisfied

453 PERK-O-FRESH coffee vending machine's electronic lazy-susan turntable automatically serves freshly brewed coffee or hot chocolate any time wanted. A battery of 40 automatic percolators brews 16 cups each as needed, assuring flavor and freshness. Stainless steel, sealed interior insures absolute cleanliness. Unit is completely self-contained, requires only a cold water connection (no drain) and standard 119 volt outlet. PERK-O-FRESH machines are operated throughout the country by Interstate-United Coffee Corporation. Location royalties are paid by operating company to user. Floor dimensions of unit: 81″ high, 32″ wide, 23″ deep.

Accounting Board

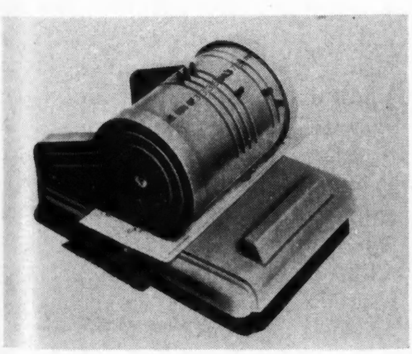
454 New "Write It Once" general accounting board has a unique modular design which makes it adaptable to 80 different sizes and shapes of forms. Through a system of carbons, the "Write It Once" board provides three or more records in a single writing. Product of the Todd Company Division, Burroughs Corporation, the unit is composed of six sections which can be custom-assembled to meet the specifications of virtually any payroll, accounts payable and accounts receivable system. As company volume grows, board can be enlarged, using same basic accounting system.

Duplex Adding Machine

455 Its two registers or storage mechanisms permit the new smart-looking Duplex 10-key adding machine of MONROE CALCULATING MACHINE COMPANY to do work of two machines. You can add or subtract in either register for such jobs as debits and credits, tax and amount, or in both registers simultaneously, as in payroll, where individual pay is required along with total payroll. On all operations, function symbols are easy to identify. Extra capacity of 11 listing, 12 totaling makes Duplex Model 111V21 practical for many miscellaneous multiplying jobs. Ask for folder GA-457.

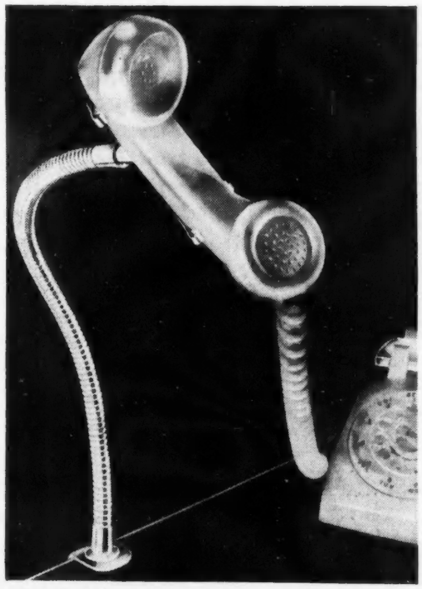
Low-Cost Check Writer

456 PERMA-PRINT Check Protector prints the amount-line on checks with deeply penetrating, indelible ink, in a manner to defy check kiting by alteration or erasure. Amount to be printed is set on series of six dials, and is easily read through indicator windows. All sizes and styles of checks are accommodated. Distributed by Applied Research Corporation, unit is light weight and compact. Size: 5″x7″x4″ permits easy handling and desk-drawer storage. Low cost makes it practical for personal checks as well as business, says manufacturer. Choice of three machine colors.



Third Arm Can Be Useful

457 Gadget that clamps to any solid object, the "3rd ARM" has almost unlimited uses: holds the phone while writing, taking orders (in factory, garage or for do-it-yourself fans, to hold light bulb or tools; in the home, a help to mother in holding baby's bottle). Manufacturer, A-1 Manufacturing Company, says device will not mar or scar; adjustable clamp is rubber cushioned. Comes with 24″ flexible chrome steel arm, chrome steel telephone holder and chrome steel bottle holder, red carbon steel telephone weight, and complete directions.

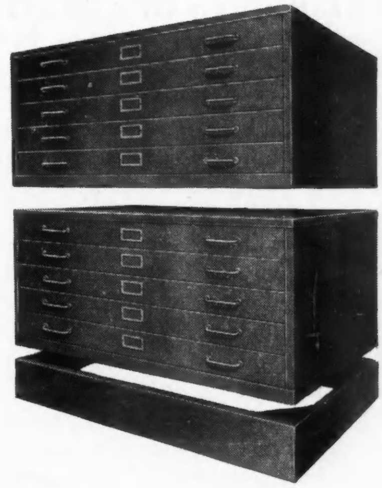


Short-Run Service on Forms

458 Production of marginally punched continuous forms on a speedy (72-hour) basis and for short runs is the unique service rendered by CONTINUOUS FORM IMPRINTING SERVICE, INC., which was created to supply emergency needs when companies may find speedy runs of continuous forms are sorely needed. Mergers, new branches opening, "exhausted supply," are times when the service is invaluable. Payroll checks, bills of lading, stock record analysis reports, bond register forms, printing through carbon sets, and Colitho or Multilith masters, are among their specialties.

Flat Drawer Files

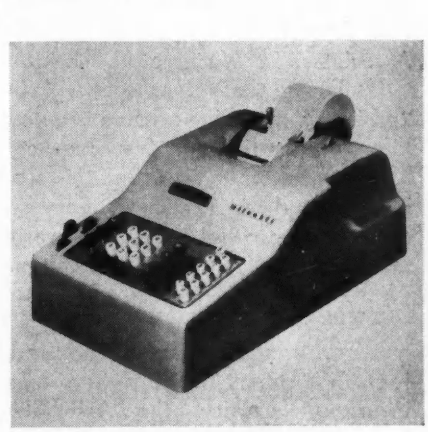
459 Ideal for flat storage of large papers, photographs, blueprints, also for small, flat items which can be stored to form an attractive display



when drawers are pulled out, LYON METAL PRODUCTS, INC. flat drawer files have many uses. Hinged paperweight on front and protecting hood on back of drawer prevent paper edges from curling. Five-drawer cabinet units are available in three sizes and with variety of drawer divider arrangements. Cabinets may be stacked one above the other, saving valuable space.

Short-Cut Multiplier

460 A popular-priced automatic multiplier, the OLIVETTI MULTISUMMA has been introduced by Olivetti Corporation of America to meet a wide range of business operations, such as calculation of invoices, payrolls, mark-ups and percentage discounts. Unit automatically employs short-cut multiplication; no positioning is required. Subtraction is direct; credit balances are automatic. All calculations are printed on tape and identified by symbols. Features include double and triple zero keys; exclusive discount key; non-add key for printing date or reference numbers.



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the location of the property should be set out in the chattel mortgage.

The chattel mortgage is one of your protections in the extension of credit. A lot of thought should be given to its preparation, in order to receive as much protection as possible in your transactions. Assume a possibility that you will some day be called upon to repossess the property covered by the chattel mortgage either with or without an action of law. Provisions should be placed in the chattel mortgages which will facilitate such action. The mortgage should first of all provide for default on the failure of the debtor to make one of his instalment payments and the entire debt should be accelerated by reason of such default. The mortgage should also include provisions whereby the mortgage would become in default by reason of bankruptcy, assignments for the benefit of creditors, or for any possible danger or damage to the security in question.

Should Facilitate Repossession

The chattel mortgage should contain provisions which facilitate the retaking of the property. It should provide that the mortgagee may take immediate possession of the property upon default, with or without demand, and may enter upon the premises of the mortgagor with or without legal process and remove the property covered by the mortgage. It should provide that the mortgagee may resell the property at public or private sale and with or without notice; that the proceeds of the sale either public or private, less the cost of the repossession and the sale, together with a reasonable attorney's fee, be applied to the balance due the creditor. It would seem that these provisions would go a long way in favoring the creditor. However, our courts in Missouri have held them to be legal and proper. The person who extends credit should have the right, both moral and legal, to use every possible means at his command to protect himself in his investment.

Missouri statutes provide for the use of a conditional sales contract in Missouri. The conditional sales contract is similar to the chattel mortgage in that it gives the creditor a right to retake the subject matter of the sale from the purchaser. Under the Missouri law the conditional sales contract, to be valid as against third parties and creditors, must be recorded in the office of the recorder of deeds. There is no provision for filing, which is a cheaper procedure to follow.

In the event of repossession under a conditional sales contract, the creditor must tender a sum equal to 75 per cent of the amounts paid on the purchase price to the purchaser before he is entitled to repossession. It is obvious that the use of a conditional sales contract in Missouri is not feasible except under certain circumstances.

In some Missouri communities such as St. Louis a large segment of business is consummated with persons who live in Illinois. In Illinois a conditional sales contract need not be recorded or filed. The residents of Illinois are accustomed to the use of conditional sales contracts. Creditors residing in Missouri and doing business with Illinois residents will be best served by using conditional sales contracts on such transactions.

If such a conditional sales contract is used, it should be recorded in Missouri in the office of the recorder of deeds in the county (or in the City of St. Louis) where the sale is consummated.

If the debtor fails to make his payments on his obligation as agreed, the creditor in order to protect his investment must then take legal action. The documents we have discussed will form the basis for most of the legal actions which can be taken to protect the creditor. These actions fall roughly into two categories:

(a) An action based on the note with the primary object to reduce the obligation to a judgment in order that an execution on the debtor's assets be levied.

(b) An action in replevin which has as its primary object the taking of personal property secured by either chattel mortgages or conditional sales contracts in order that the property taken may be sold and the proceeds credited to the indebtedness.

Credit Allocation Is Private Function, Loan Officers Told

ALLOCATION of credit is a private function and must remain so, said C. Canby Balderston, vice-chairman of the Federal Reserve Board, keynoting the 43d Fall Conference of Robert Morris Associates, in Washington, D. C.

Declaring that allocation will be "arbitrary and inequitable" unless left to operation of free markets, Mr. Balderston, addressing the senior loan and credit officers of banks, differentiated from proper Government influence in the total volume of the nation's money supply.

While indorsing Federal Reserve's money management and commending Government lending and loan insurance activity, the Associates emphasized that these are apart from the loan officer's basic job.

Seconding this stand was Robert V. Fleming, president, Riggs National Bank of Washington, D. C. Mr. Fleming, chairman of the Federal Advisory Council, which consults regularly with the Reserve Board, characterized the Reconstruction Finance Corporation's program as "too little and too late" though "many banks were saved."

Also indorsing this position was the Associates' new president, William R. Chapman, vice president of Midland National Bank, Minneapolis. He urged members to cooperate in a Reserve System study of the merits of complaints that monetary restraint discriminates against small business.

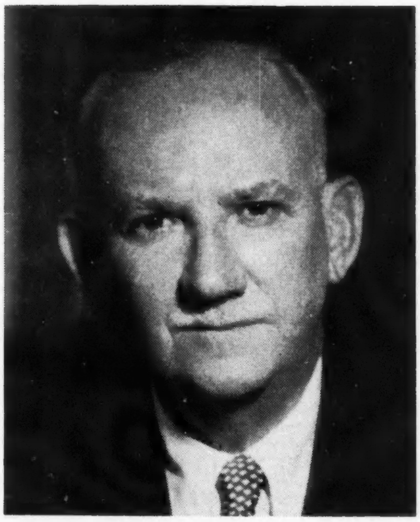
In a panel discussion presented by the Chicago chapter, with Kenneth V. Zweiner, president of Harris Trust and Savings Bank, as moderator, speakers noted that because of overall restrictions total bank loans, though rising, are lagging behind a more rapidly growing demand. Companies that go to the banks with well-prepared financial programs naturally become "preferred customers," whereas "under credit limitations many a little fellow cannot qualify." Companies with programs worked out to protect themselves from the business cycle, planning modernization to meet competition and seeking more long-term credit, "represent the principal payrolls of our communities," panelists explained.

Heimann's Keynote Address to Set Course In Outstanding Program at Credit Congress

IF enthusiasm, advanced planning and ardent sustained effort are the criteria which spell convention success, the 62nd Annual Credit Congress will be accorded top rating in convention annals of the National Association of Credit Men. Detroit credit men and women were thrilled when they first learned of their role as host at this year's event. That spirit has pervaded every phase of convention planning from the outset and accounts in large measure for the "ahead of schedule" progress which has been achieved to date.

Reports submitted by many Industry Groups, relative to convention planning committee meetings already conducted, show glowing promise of interest-packed discussion topics for their sessions. Plenary gatherings will provide renowned, authoritative speakers, whose addresses will cover pertinent subjects of vital concern to the credit executive. Panel moderators and panelists comprise men of recognized accomplishment in business and industry, whose experiences and viewpoints will prove extremely beneficial in solving current problems and in charting a successful course of action for the future.

Henry H. Heimann, executive vice president, will deliver the keynote address at the opening plenary session. The first such address that Mr. Heimann made was 26 years ago, when the 1932 Credit Congress was last held in Detroit. He had very shortly before been appointed executive manager of NACM, following a most successful business career which culminated in his election to the presidency of the Association in 1931. When Mr. Heimann was selected to guide the destinies of the National Association, he was considered the most highly qualified credit authority of that era. Considering that in the next quarter century he supplemented the vast knowledge already possessed with diversified front-line business and credit experience, it is small wonder the sage wisdom he imparts is rated second to none in the Nation.



Henry H. Heimann

Arthur F. Gerecke, of the St. Louis *Post-Dispatch*, will be moderator of a panel discussion entitled "Economics of the Atomic Age," which will be featured at one of the plenary sessions.

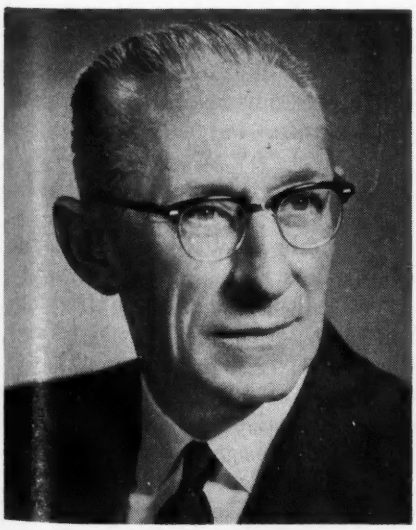
Edwin L. Covey, chief of the Bankruptcy Division, United States Courts, will deliver a plenary session address which will provide the creditman with firsthand, up-to-the-minute knowledge relative to bankruptcy procedure.

J. Allen Walker, president of the National Association of Credit Men, will officiate at the plenary and business sessions and social events throughout the convention.

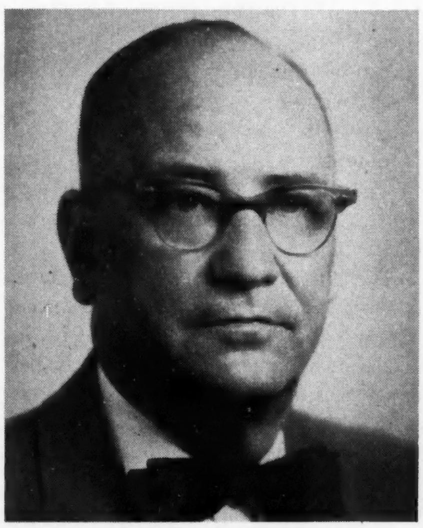
The 62nd Annual Credit Congress is now emerging from the planning stage, and a preview of the complete, well-rounded program gives every promise of providing the very best in the way of tangible benefits and enjoyment for delegates and their families.

Walker a Leader for Progress

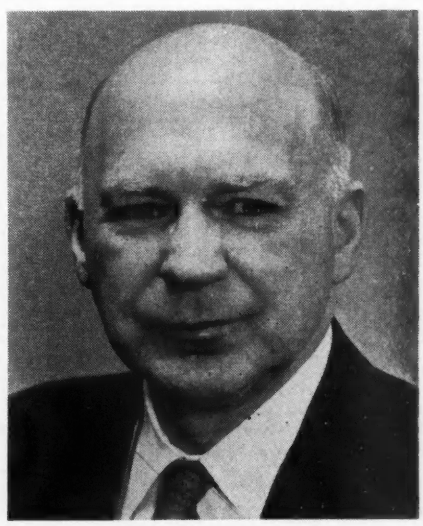
President Walker, whose dedication to advancement of positive and creative credit management through education, training and operation is matched by his vigorous application of interest to the progress of all phases of the services of the national organization, had left a bank teller's



J. Allen Walker



Edwin L. Covey



Arthur F. Gerecke

post for his first job with Standard Oil Company of California, at San Jose.

Following promotion to assistant credit manager there, he held various credit positions in Los Angeles, Medford, Ore., and San Francisco. In 1943 he was appointed assistant manager of the credit department at the home office in San Francisco, and three years later he was made general credit manager.

Covey Named Referee in 1934

After attending Bradley Polytechnic Institute, Edwin L. Covey was graduated from the University of Illinois (A.B. 1917 and Phi Beta Kappa), did special work in political science at the University of Wisconsin, served a year in the Navy, and in 1920 received the degree of J.D. from the U. of I. Law School, where he was elected to the Order of the Coif.

Mr. Covey, admitted to practice of law in the State of Illinois, United States District Courts, and United States Circuit Court of Appeals for the Seventh Circuit (Chicago), began his career in Peoria, Ill., specializing in commercial law. He was secretary, then president, of the Peoria Bar Association.

In November 1934 he was appointed referee in bankruptcy for the Northern Division of the Southern District of Illinois. In 1941 he served as president of the National Association of Referees in Bankruptcy and resigned the following year to accept appointment at the nation's capital as Chief of the Bankruptcy Division of the Administrative Office of the United States Courts.

Mr. Covey's duties include general administrative supervision of the referees in bankruptcy in the 89 districts. He has cooperated with representatives of many local credit associations and National as well as with others interested in bankruptcy administration, including members of the bankruptcy committee of the American Bar Association, the Commercial Law League of America and the National Bankruptcy Conference, of which NACM is a member.

He has worked closely on bankruptcy legislation with members of Congress, especially judiciary committees of the Senate and House. He has conducted studies on phases of bankruptcy legislation, has worked on development of uniform and standardized practices in the various courts of bankruptcy, with special attention to installation of proper court and accounting records.

Grand Ballroom of Sheraton-Cadillac, Co-Headquarters Hotel

Mr. Covey had personal charge of the surveys made pursuant to the Referees' Salary Act, which changed the basis of compensating referees from fee to salary system. He also has had general supervision of establishing, maintaining and servicing the new system.

Gerecke in Twofold Role

Participation in several outstanding events of World War II led Mr. Gerecke into a postwar twofold role —one as manager, credit and adjustment department, St. Louis *Post-Dispatch* (Pulitzer Publishing Company), the other as a "one-man speakers' bureau." Since his return from overseas service in 1946, Mr. Gerecke as an international news commentator has been called upon literally hundreds of times to address business organizations and civic groups.

The past president of the St. Louis Association of Credit Men began his career as a cub reporter in 1914 in Winona, Minn., and subsequently became a sports and police reporter, city desk man and editorial writer.

In World War II, on leave, he was attached to the psychological warfare branch of SHAEF. After Dieppe he went through the Saarland and the Siegfried Line into Germany with the Sixth Army Group Headquarters Company. In Munich, in the name of the U. S. Army, he confiscated Hitler's key publishing plant. As chief of press control in Bavaria he directed establishment of a free press in 21 cities. On July 4, 1945, he entered Berlin with occupation troops for first meetings with the Russians.

From newspaper work Mr. Gerecke turned to financial operations and sales, first with The Texas Company, Philadelphia, then with Yellow Truck and Coach Manufacturing Co., Chicago. With the St. Louis *Post-Dispatch* he began in the advertising department.

Graduate of Wharton School of Finance, Mr. Gerecke has been president of the Advertising Media Credit Executives Association and director of the St. Louis association's adjustment bureau.

Welshans TV Moderator

Dr. Merle T. Welshans, professor of finance at Washington University and a faculty member of the Graduate School of Credit and Financial Management, NACM (Dartmouth), is moderator of a St. Louis TV panel discussion series on "Your Money at Work." The program is produced by Station KETC in cooperation with the Investment Bankers Association of America, Mississippi Valley Group.

3,000 at Omaha's Business Show

MORE than 3,000 credit managers and other executives of companies in all parts of Nebraska and western Iowa attended the second annual Midwest Business Show presented by the Omaha Association of Credit Men.

The success of the first show last year was so well recorded by both the credit fraternity and the manufacturers and distributors of office equipment and other products that advance applications for display space necessitated using the entire mezzanine floor of the Paxton hotel for the three-day Show. Fifty-five exhibitors featured "Top Tools of Modern Office Management," the theme of the event.

At a dinner meeting climaxing the Show, Gilbert Holmes, general manager of the Northwestern Bell Telephone Company, spoke on "New Communications in the Field of Business."

Guests at the speakers' table included Wallace Hedlund, president of the Omaha Chapter of the National Association of Certified Public Accountants; John J. Moylan, president, Omaha Chapter, National Office Management; and Edward Serpan, vice president of the Sales Executive Club.

At the Northwestern Bell Telephone Exhibit

New Remington Rand Equipment on Display

Newest Multigraph Aids for Paperwork

Readjustment Temporary: Heimann Tells N.Y. Unit

Although "we are facing a slowdown in the business tempo and will mark time for a while, this readjustment will be only temporary," said Henry H. Heimann, executive vice president National Association of Credit Men, addressing the Westchester County Division of the New York Credit & Financial Management Association, at a luncheon meeting at White Plains, N. Y.

Rebuking the pessimistic, whose apprehensions are just as far off center as the dreams of "the wild optimists who predicted the millennium," Mr. Heimann declared that "the long range future cannot help being one of expansion. Our rising standard of living, increase in population, and the unceasing effort of science to develop new products and services to satisfy our wants, all assure us an era of remarkable growth in the years ahead."

Credit Executives Aiding Small Business And Inexperienced, S.E. Conferees Told

AMONG financial leaders at the annual dinner of the Southeastern Credit Conference, Chattanooga. Standing (l to r): Lester C. Scott, Memphis, past vice president, NACM Southern Division; Henry H. Heimann, NACM executive vice president; Paul W. Miller, Atlanta; Paul J. Viall, Chattanooga; (seated) Carl Hubbuch, president, National Association of Credit Management, Inc., Cherokee Unit; Ted B. Hendrick, Oklahoma City, Southern Division vice president; and C. Callaway, Jr. Messrs. Heimann, Miller, Viall and Callaway are past presidents of National.

CREDIT executives of manufacturers, wholesalers, jobbers and banks "are standing by to help small business build profitable operation and credit worthiness," in this period of increasing competitive pressure and "sidewise" business adjustment, says Henry H. Heimann, executive vice president, National Association of Credit Men. His keynote thought at the Southeastern Credit Congress, in Chattanooga, was echoed by other speakers, who pointed out how creditmen are extending their responsibilities to counsel inexperienced accounts. Executives assembled for the conference from seven states—Georgia, Alabama, Florida, Arkansas, Louisiana, Tennessee, North Carolina.

"Many people presently employed in business have not experienced a readjustment and are not prepared to meet it," declared Mr. Heimann. "Some businesses will fail for lack of capital, because with our depreciated value of the dollar tremendously more capital is needed today for successful conduct of a business."

While "business failures will increase, due to management inexperience and shortcomings in ability," Mr. Heimann predicted that "over the long-range future new peaks will be established in all activities." We should realize, he said, "that business, like nature, has and should have its resting periods. They bring about a more cautious operation and thus contribute to a sounder prosperity in the years to come."

"Slowdown of collections is emerging as a pressing problem," according to W. Leroy House, Johnston-Erwin Company of Georgia, Atlanta, director of the National Association of Credit Men. "Good customer relations depend on courteous, intelligent correspondence," he said and he urged "counseling of customers on their method of operation," by creditmen.

"Bankruptcies can be avoided by watching overexpansion, undercapitalization, and management, failure to pay taxes, and failure to carry enough insurance," declared J. H. Bryan, secretary-manager, NACM Midsouth Unit, Memphis.

General Session Speakers

General session speakers were F. R. Widmer, assistant manager Commercial Research Division, Republic Steel Corporation, Cleveland, whose topic was "Economics in Action"; R. L. Burr, credit manager, American Cast Iron Pipe Company, Birmingham, who discussed The NACM Graduate School; and Joe W. White, The Pure Oil Co., Atlanta, whose subject was "Presenting the Magic Barrel." C. Lamar Ireland, credit manager, Gilman Paint & Varnish Company, Chattanooga, was a speaker at the Monday evening banquet.

"Bank and Mercantile Credit Cooperation" was the subject for a panel discussion which had as moderator C. Callaway, Jr., treasurer, Crystal Springs Bleachery, Chickamauga, Ga., past president, NACM, and these participants: Paul J. Viall, treasurer and director, The Chattanooga Medicine Company, also past president, NACM; Leonard R. Tanner, attorney, of Swafford & Tanner; Ernest A. Clevenger, vice president, Corley Manufacturing Company, and Dawson B. Harris, Jr., vice president, Hamilton National Bank, Chattanooga.

Five Sessions of Industry Groups

Five Industry Group sessions were held on the final day of conference. These were: Food, Drugs, Confectionery and Tobacco, with H. H. Swafford, Duff Bros., Inc., Chattanooga, as chairman; Building, Industrial, Electrical Supplies, TV, Paint, Hardware, R. E. Pratt, Fisher Lime & Cement Company, Memphis, chairman; Textiles, General Merchandise, Clothing and Furniture, Noble McGuire, Cabin Crafts, Inc., Dalton, Ga., chairman; Petroleum Products, Tires, Auto and Accessories, with John O. Underwood, Gulf Oil Corporation, Atlanta, as chairman; and Banking and Loans, chaired by W. C. Pitner, American National Bank & Trust Company, Chattanooga.

Callaway Conference Chairman

Mr. Callaway was conference chairman. Mr. Viall and Mrs. Beath H. Robinson, treasurer, Williams & Voris Lumber Company, Chattanooga, were cochairmen. Miss Winnie M. Holmes, Kingsboro Mills, Inc., Chattanooga, headed the Credit Women's committee. Heading the host associations are Carl F. Hubbuch, vice president, Hubbuch Glass Company, Chattanooga, president of the National Association of Credit Management, Inc., and R. S. Porter, secretary-treasurer, Loveman's Inc. G. Royal Neese is secretary-treasurer, host association.

Mr. Heimann also addressed a luncheon meeting of the Kiwanis Club, in Chattanooga, during the Southeastern Conference activities.

Just Issued

"Account Review" Form

ACCOUNT REVIEW

To: ______________ ← NAME OF FIRM Requesting Statement

The following information is submitted for your consideration as a basis for the extension of Credit to us

The name of our business is ______________

We operate ______________ (State type and nature of business) business. We have been established years.

Ours is a: Corporation ☐ Co-Partnership ☐ Limited Partnership ☐ Individual Business ☐

We are incorporated under the state laws of ______________

The principal owners or stockholders and officers are, etc., etc.

NAME	ADDRESS	CITY

We bank at ______________

Account carried under ______________

Our tax returns have been cleared with the taxing authorities through 19____.

We expect our monthly credit requirements from you to be about $______.

DESCRIPTION OF INSURANCE PROTECTION CARRIED

Kind	Amount	Kind	Amount
Fire Insurance on:		Employee Fidelity Bonds	
Merchandise		Burglary Insurance	
Buildings		Forgery	
Furniture & Fixtures		Life Insurance for benefit of business	
Business Interruption		Accounts Receivable	
Liability Insurance on:		Miscellaneous:	
Premises			
Autos			
Products			
Contractual			

YOU MAY REFER TO OUR PRINCIPAL SOURCES OF SUPPLY LISTED BELOW

Name	Address	City	State

Form No. 3C (This Form Approved ...

Date ______________, 19____

The following figures set forth present our financial standing and business operation upon which you may rely for the purpose of establishing our credit:

CURRENT ASSETS:

Cash on hand and in banks $______
Due from customers ______
Cost value of merchandise on hand ______
Other current assets ______

CURRENT LIABILITIES:

Bank loans payable within a year ______
Tax obligations due ______
Due to merchandise creditors ______
Other debts due within a year ______

FIXED ASSETS:

Business equipment ______
Land used in business ______
Buildings used in business ______
Other fixed assets ______

INDEBTEDNESS NOT DUE WITHIN A YEAR:

Chattel Mortgages due on merchandise ______
Chattel mortgages due on other assets ______
Real Estate Mortgages ______
Other long term debt ______

NET WORTH: $______

Monthly Sales Volume ______
% of Sales made on credit ______
% of Sales at retail ______
% of Sales at wholesale ______
% of Sales on time-payment plan ______
Peak season of year ______
Date of last physical inventory ______
Profit shown latest U. S. Income Tax Return ______

Our firm is financially able to meet any commitments we have made and we expect to pay your invoices according to your terms.

Name of Firm or Corporation ______________

Street ______________ City ______________ Zone ______ State ______

Date ______________ Signed by ______________

Title ______________

(OVER)

This new Form has been re-designed by the National Publications Sales Committee. It is now applicable for both new accounts and small accounts already established.

It is simplified in design and carries the seal and approval of the National Association of Credit Men.

Included in this new Form is a section for "Description of Insurance Protection Carried."

A Financial Statement Form for every type of business is offered by the National Association of Credit Men

Write for Free Sample Book showing the new and revised Statement Forms available

PUBLICATIONS DEPARTMENT

National Association of Credit Men

229 Fourth Avenue New York 3, N. Y.

NURTURE THE BOSS

(Concluded from page 19)

top boss well made plans carefully written, with enough time ahead of execution to allow him to give it his leisurely consideration.

Planning ought to be reduced to writing because planning needs the greatest degree of exactness possible.

The experts tell us that we do not think as accurately and as creatively under pressure as we do when we have the leisure to attack a problem over a period of time. Pressure planning is like "pressing" at golf—you get hooks, slices, misses and wrenched backs.

This is particularly true because the premises which support planning for the future are based upon assumptions relative to future conditions. Stated more simply, it means planning requires foresight.

Delegation of Routine Work

Planning needs the same mental approach used in decision making. Since it requires leisure, it presumes that routine staff work of the man doing the planning has been fully organized and delegated. This is particularly true in the case of credit managers, where clerical staff work is rather extensive.

There remains the obligation to sell the top boss on the planning proposed.

Planning can be more readily created, and more easily sold, if the individual will do it individually. We have all had the experience of discussing a future plan with our colleagues before a complete description of the problem has been made and before all loose ends in the solution have been tied into a hard knot. Frequently we are overwhelmed by the objections of our colleagues and we throw in the sponge before the fight gets underway.

The third main job for which top bosses are paid is getting work done by others. We must be certain that the work delegated will remain delegated. There is considerable complaint that bosses are reluctant to delegate responsibility. If they are reluctant to delegate generally, it is because they are surrounded by people who are still more reluctant to accept. Bosses must fight constantly to keep work delegated.

Bosses worth their salt welcome the assumption of additional responsibility by men who work for them, but for this they look to men who have constantly been feeding them sound decisions and sound plans.

Sound decisions and sound plans are different than successful guessing at what the top boss wants to do or would do under a given set of circumstances.

Credit decisions are delegated rather fully. Because of that, credit managers are obligated to present responsible decisions.

Bosses, being what they are and current economics being what it is, are going to look for courageously prudent credit decisions and plans, and increasingly independent exercise of authority by credit managers.

Canadian Educator to Speak At Pacific N.W. Conference

J. J. DEUTSCH

Professor John James Deutsch, head of the department of economics and political science at the University of British Columbia, will discuss current issues in economic relations between Canada and the United States, as one of the speakers at the Pacific Northwest Credit Conference March 13-14 in Vancouver, B.C.

The conference, with the Vancouver division of the Canadian Credit Men's Trust Association as host, will bring together delegates from affiliated units of the National Association of Credit Men from Bellingham, Seattle, Tacoma, Spokane, Portland and Lewistown, as well as Vancouver association members.

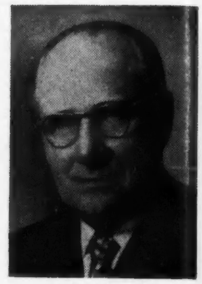
Chicago Feed Group Elects

Milton H. Wilke, assistant director, account sales department, Hales and Hunter Company, Chicago, is the new chairman of the National Feed Credit Group sponsored by the Chicago Association of Credit Men, succeeding Robert A. Scharf, general credit manager, Nutrena Mills, Inc., Minneapolis.

Puerto Rico Banks on Par Basis

All banks in Puerto Rico are now on a par basis. This became effective January 1st.

Consider Insurance Coverage Of All Accounts, Says Moran



E. B. MORAN

Proper insurance protection should be the concern of every credit executive, "the same as the balance sheet of a business or individual", and credit executives are counseled to consider the insurance coverage when ascertaining credit position of an individual business. "The average man does not know enough about insurance to protect his own interest," says Edwin B. Moran, vice president, National Association of Credit Men, bearing out the lag in this area with the following figures from a survey of companies' insurance set-ups:

The businesses surveyed had only 65 per cent of their assets covered by fire insurance; 53 per cent carried automobile liability, but only 30 per cent had adequate coverage; general liability, 15 per cent; defalcation, 10 per cent; windstorm, tornado and hurricane, 25 per cent in the east and 40 per cent in midwest; use and occupancy, wholesale and manufacturing, 39 per cent, and retail 12 per cent; profits u. & o., 2 to 3 per cent; products liability, 18 per cent; strike and riot (mfg.), 29 per cent; non-ownership liability 15 per cent; O. L. & T., 22 per cent; extra-expense, 12 per cent; improvement-betterment and rent, less than 10 per cent; key-man, business life and co-partnership, less than 5 per cent.

Speaking before the Credit Men's Association of Eastern Pennsylvania, on "Insurance, a Credit Stabilizer," Mr. Moran emphasized that the credit executives should give special consideration to insurance as the fifth "C" of credit. "Even though a firm may have top rating and even though its future is apparently bright," he said, "one misfortune, through circumstances of nature or man-made, that is not covered by insurance, could literally ruin its business and its debts would become uncollectable."

Record State Per Capita Tax

An all-time record per capita average state tax of $86.75 was set in the 1957 fiscal year.

D. F. Smith Louisville Treasurer; Scoggan, Retiring, Is Honored

With the retirement of J. K. Scoggan after 31 years of service to the Louisville Credit Men's Association, Delmus F. Smith has taken over the duties of treasurer and Adjustment Bureau manager.

D. F. SMITH

J. K. SCOGGAN

Mr. Smith, native of Louisville, studied at night school while working for various companies until he joined Dun & Bradstreet in 1932 as a credit investigator. A succession of advancements, from assistant service manager in Louisville to city reporting manager, then district reporting manager, was interrupted by 22 months of combat duty in the South Pacific.

Headed Estate Department

On June 1, 1957 he resigned to become manager of the estate department of the Louisville Credit Men's Association. On November 1st he was elected treasurer succeeding Mr. Scoggan. He is also manager of the Adjustment Bureau.

At the directors' meeting in December, official tribute was paid Mr. Scoggan for his many contributions to the association. With National represented by E. B. Moran, vice president, an album of testimonial letters was among the presentations.

Scoggan to Staff in 1926

It was in 1926 that Mr. Scoggan left the credit management of a large equipment manufacturer to join the Louisville staff as treasurer and collection manager. In 1942 he was placed in charge of the estates department. He was acting manager three years while Sam J. Schneider, then executive manager, was in military service. Mr. Schneider is now special representative of National.

F. R. Holzknecht is assistant treasurer of the Louisville association.

Give New Businesses Credit Assistance, Says New England Conference Keynoter

CREDIT is a privilege that must be earned, but, to a certain extent, "creditmen should be willing to take a chance and gamble on the success of small, new business ventures," Keene Johnson, vice president, Reynolds Metals Company, Louisville, former governor of Kentucky, told executives gathered at Springfield, Mass., for the New England Credit Conference.

The keynote speaker declared that "America can no more survive and grow through big business than she can with small business. The two are interdependent."

Insurance as Safeguard

W. E. Jeffrey, vice president, Marsh & McLennan, Inc., New York, past chairman of the Insurance Advisory Council, NACM, spoke on "Insurance—Safeguard of Business," and William J. Dickson, director of education, National Association of Credit Men, discussed "The Importance of a Credit Policy" at sessions of the two-day conference sponsored by the Western Massachusetts Association of Credit Executives, Inc. Abraham Kamberg, attorney, discussed the rights and remedies of credit in bankruptcies and current decisions in bankruptcies.

J. H. Donovan, assistant treasurer, Jones & Laughlin Steel Corporation, Pittsburgh, NACM eastern division vice president, attended.

Industry Groups Meet

Industry group meetings the second day were chaired by Louis Beauchamp, vice president, Third National Bank & Trust Company, Springfield; Edward Brine, credit manager, Armour & Company, Springfield; Donald Mudd, assistant treasurer, A. G. Spalding & Bros., Chicopee; and Richard Newton, office and credit executive, J. Russell Company, Holyoke.

Bruce Hosack, credit manager, Monsanto Chemical Company, Plastics Division, Springfield, immediate past president of the local association, presided at the Thursday luncheon, which had as speaker Dr. Murray Banks. Harry B. Johnson, credit manager, United Elastic Corporation, Easthampton, president of the host Western Massachusetts Association of Credit Executives, Inc., presided at the banquet.

James Stewart, treasurer, Judd Paper Company, Holyoke, was conference chairman; Edmund O. Lesquier, credit manager, American Bosch Arma Corporation, Springfield, conference cochairman. Victor A. Biscotti is secretary-manager of the host association.

PARTICIPATING in program of New England Credit Conference at Springfield, Mass. (L to R) Victor A. Biscotti, executive secretary-manager, Western Massachusetts Association of Credit Men; James H. Donovan, assistant treasurer, Jones & Laughlin Steel Corp., Pittsburgh, vice president, NACM Eastern Division; Keene Johnson, vice president, Reynolds Metals Co., a former governor of Kentucky; and Harry B. Johnson, United Elastic Corp., president of the host association.

Bankers at Conference Hear Panelists of Robert Morris

William R. Chapman, president of Robert Morris Associates, was moderator of a panel discussion sponsored by the Associates at the Credit Conference of the American Bankers Association, in Chicago. Mr. Chapman is vice president and director of Midland National Bank, Minneapolis. The theme was "Policy Aspects of Loan and Credit Administration."

Panel members and their topics were: Fred M. Naber, senior vice president, Continental Illinois National Bank & Trust Company, Chicago, on "Why Participating Loans?"; Arthur L. Nash, manager, Brown Brothers, Harriman & Co., New York, "What Is the Significance of an Audit?"; and Addison H. Reese, president and director, American Commercial Bank, Charlotte, on "What Loans Should a Commercial Bank Make?"

Emphasize Positive Credit, Moran Tells Supply Leaders

"The wholesaler should not think of credit negatively, in terms of limits, but positively—in terms of increasing the distribution of his products to contractors who can reliably be carried on credit," declared Edwin B. Moran, vice president and assistant executive manager, National Association of Credit Men, in an address to the American Institute of Supply Associations, meeting in New York City.

Mr. Moran stressing the role of credit in distribution, sees "the proper use of credit as a means of increasing sales and speeding up turnover of inventory."

Arthur E. Johnson Dies

Arthur E. Johnson, 85, had been credit manager of Krolik Corporation, Detroit, for 35 years. He was president of the Detroit Association of Credit Men in 1913.

The most painful operation a person can undergo is the cutting off of his credit.
—N. A. Rombe

Skill and Foresight To Decide Bank Profits, Declares Tapp

The near-term outlook for bank earnings "appears quite favorable," but bank profits in the years ahead "will depend to a far greater extent than in the past upon the ingenuity, skill and foresight of individual bank managements," says Jesse W. Tapp, chairman, Bank of America NT&SA, Los Angeles, in a report of the American Bankers Association's economic policy commission, which he heads.

The commission notes that since 1946 the total assets of commercial banks have increased by only one-third while the gross national product has more than doubled, that the last several years the expansion of bank assets has been limited by Federal Reserve's anti-inflation policies, and that commercial-bank time deposits have declined from 34 to 25 per cent as a proportion of the total volume of savings held by commercial banks, mutual savings banks, savings and loan associations, and life insurance companies, though the amount held by the public increased by 45 per cent from the end of 1946 to the end of 1956.

5 Per Cent Construction Gain Seen; Residential, Highway

A 5 per cent increase ($2.4 billions) in new construction outlays, to $49.6 billions, is the way the Departments of Labor and Commerce read the tealeaves for 1958. This would be a record for physical volume of work put in place second only to 1955. The expansion would be chiefly in residential buildings, private and public, and on highway work. Private housing construction would exceed public, reversing the 1956-57 downward trend. The analysts doubt that a change in the economic pace this year will materially affect the total new construction activity or that international developments will influence the construction in continental United States. Some easing is assumed in the mortgage market, though supply of mortgage funds will continue to limit housing activity.

Panel Tempers Forecasts with Caution At 42nd Tri-State Conference, Buffalo

SOME hard punches were delivered by soft-goods creditmen, as well as bankers and others, before the 500 who attended the 42nd annual Tri-State Conference, NACM, held in Buffalo.

Credit losses were reported "less than anticipated for the year" by speakers representing the textile and wearing apparel Industry Groups at the conference, which brought together credit executives of the tri-state area of New York, New Jersey and Eastern Pennsylvania. Tempering the cheerful news was the caution that "competition among suppliers could contribute to business failures because of lack of restraint on credit," and that "desire to get a sale on the books often overlooks basic credit standards."

"Competitive forces made it difficult to enforce credit terms and to levy interest on slow payers," said men's wear manufacturers. "Manufacturers have become bankers for many retailers," said Joseph P. Wilkinson, Jr., M. Wile & Company, Buffalo, introducing a panel discussion participated in by Miss Julia McCauley, William Iselin & Co., and William C. Stavrakos, Chester H. Roth Company, both of New York City, and Harold Smith, of Phoenix, Inc. Allentown, Pa. It was pointed out that "some companies find they can charge the interest where merchandise is needed by the stores," and that limiting shipments to slow-pay accounts is not effective because "the stores merely go to different producers."

One suggestion made was that manufacturers should cover the inability to collect interest from retailers by including the charge as part of the initial selling price. Also proposed were "budget terms" of credit, providing for periodic payments on outstanding bills.

A session held by bankers heard these panelists on "Inflation and Its Effect on Business and Banking": Prof. James L. Hayes, St. Bonaventure College, Olean, N. Y.; Hugh Johnson, Hugh Johnson & Co., investment counselors, Buffalo; Insley B. Smith, Buffalo division, Federal Reserve Bank of New York. Martin J. Travers, Marine Trust Company, Buffalo, was moderator of the panel.

"Your Credit with Your Personnel" was the human relations theme of George P. Schivley, director of manufacturing, Buffalo Forge Company, at the Friday luncheon.

Eugene W. Walrath, credit manager, John Deere Plow Company, Syracuse, N. Y., and a director of National, urged credit executives to "prepare for the golden age of the 1960's." Judge Gay H. Brown, in a talk titled "Wanted—Not Mice but Men," told the delegates to "have confidence in themselves, that the picture they have of themselves should be a good one, one that will impress others with their worth." Douglas S. Cochrane, vice president-sales, Lockport Mills, Inc., Lockport, N. Y., stressed "positive action to better their own lives, and to aid all humanity."

The conference theme was "Credit, the Balance Wheel of Progress." Business sessions, general programs and Industry Group sessions covered the three-day meeting, for which Nelson F. Adams, Buffalo Forge Company, was general convention chairman. George J. Roberts, credit manager, C. J. D. Packing Co. Buffalo, is president of the host Credit Men's Association of Western New York.

Sales Finance Units Cut Rates After Federal Reserve Action

Following reduction of discount rate in several Federal Reserve districts, three sales finance companies pared by one-fourth a percentage point the rates to lenders buying their short-term commercial papers. Canceling out identical increases of September 6th were C.I.T. Financial Corporation, General Motors Acceptance and General Electric Credit. Dealers in commercial paper cut their rates one-eighth point, canceling a like increase of October 8th.

The old timer remembers when following the horses meant running to a fire.
—Anonymous

CALENDAR OF EVENTS IMPORTANT TO CREDIT

DAYTON, OHIO
February 4
(Annual All-Day Credit Conference sponsored by University of Dayton and Dayton Association of Credit Men

VANCOUVER, BRITISH COLUMBIA
March 13-14
Annual Pacific Northwest Conference of Credit Executives

DETROIT, MICHIGAN
May 15-16-17
Annual Meeting of the NACM Affiliate Local Association Secretary-Managers

DETROIT, MICHIGAN
May 18-22
62nd Annual NACM Credit Congress and Convention

MILWAUKEE, WISCONSIN
September 18-19
Great Lakes Regional Credit Conference, including Illinois, Indiana, Michigan and Wisconsin

SAN FRANCISCO, CALIFORNIA
October 9-10
Pacific Southwest Credit Conference, including California, Arizona, Utah, Colorado, Nevada.

ATLANTIC CITY, NEW JERSEY
October 16-18
NACM Tri-State Conference, including New York, New Jersey and Eastern Pennsylvania
Host: New York Credit & Financial Management Association

BIRMINGHAM, ALABAMA
October 16-18
Annual Southeastern Credit Conference, covering Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Louisiana

WORCESTER, MASSACHUSETTS
October 22-23
New England District Credit Conference, covering Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

DAYTON, OHIO
October 23-24
Ohio Valley Regional Credit Conference, covering Ohio, Western Pennsylvania, West Virginia, Kentucky and Eastern Michigan

Laine Is Assistant Educational Director, Research Foundation

George P. Laine has been named assistant director in the education department of the Credit Research Foundation, which conducts the educational and research activities of the National Association of Credit Men.

His immediate and primary responsibility will be to enlarge the scope of the National Institute of Credit.

Mr. Laine for the last three years was affiliated with the credit department of American Smelting and Refining Company, New York City. He has a bachelor of arts degree in economics from Queens College, Flushing, New York, and he is a candidate for the degree of master of business administration, New York University.

Mr. Laine and his wife Barbara make their home in Laurelton, N.Y.

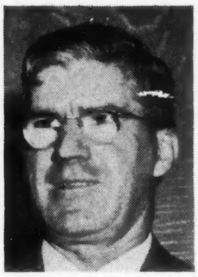
FIRES RESULTING FROM KNOWN CAUSES

As Reported to the National Board of Fire Underwriters for Decade
January 1, 1946 to December 31, 1955 Inclusive
UNITED STATES
(Fires Reported With Cause Unknown Are Not Included)

Causes	Claims Number	Claims Per Cent	Property Loss In Dollars	Property Loss Per Cent
Matches—Smoking	669,111	26.36%	$ 499,553,551	16.12%
Misuse of Electricity	372,745	14.69	613,495,900	19.80
Exposure (Fire Originating off Premises)	163,288	6.43	284,294,591	9.17
Petroleum and its products	177,515	6.99	273,279,784	8.82
Stoves, Furnaces, Boilers and their Pipes	171,464	6.76	246,596,251	7.96
Overheated or defective Chimneys, Flues, etc.	108,662	4.28	133,087,942	4.29
Spontaneous Combustion	44,257	1.74	144,403,323	4.66
Lightning	249,986	9.85	181,765,004	5.87
Miscellaneous—Cause Known but not classified	88,663	3.49	133.764,632	4.32
Friction, Sparks from Running Machinery	23,730	.94	76,445,703	2.47
Open Lights	73,032	2.88	73,432,821	2.37
Gas—Natural and Artificial	43,894	1.73	83,955,023	2.71
Ignition of Hot Grease, etc.	110,606	4.36	54,166,808	1.75
Explosions	21,925	.86	48,604,321	1.57
Hot Ashes and Coals—Open Fires	88,459	3.48	90,388,559	2.92
Sparks Arising from Combustion	22,622	.89	42,587,209	1.37
Sparks on Roofs	41,426	1.63	49,235,317	1.59
Rubbish and Litter	63,278	2.49	66,423,611	2.14
Fireworks, Balloons, etc.	3,693	.15	3,235,344	.10
	2,538,356	100.00%	$3,098,715,694	100.00%

NOTE:—These totals are for reported fires where the cause is ascertainable, excluding incendiarism, and do not represent either the total number of fires or the total property loss in the United States. Excluded are all unreported losses as well as all fires resulting from unknown causes. It is estimated that the aggregate property loss in the United States during this decade was approximately seven and one-half billion dollars.


W. H. DAWKINS


F. J. NOONAN

Executives in the News


E. E. HEDRICK


L. T. KENDRICK


R. E. SMITH


E. T. MAULE

New Haven President Heads Company Credit Union Unit

Equally concerned with the inculcation of good credit practices industrywise and insofar as the individual is affected, Frank J. Noonan, president incumbent of the New Haven Association of Credit Men, also is vice president and director of Sargent & Company's Employees Federal Credit Union.

In Sargent & Company, New Haven, Mr. Noonan has been credit manager since 1951.

S. W. Texas Vice President Holds Local, National Posts

Culminating service as director, also as treasurer and vice president, W. H. Dawkins has been named president of the Southwest Texas Wholesale Credit Men's Association, San Antonio. In the National association he serves on the membership review committee. Mr Dawkins is vice president and general manager of Watts Hardware & Supply Company, San Antonio, which he joined as office manager following World War II service.

Hard Work Carves Path from Rock Quarry to Presidency

Diligence and hard work spell out the career of E. E. Hedrick, president of the Appalachian Association of Credit Men, Inc., Bristol-Kingsport-Johnson City, Tenn. From the farm near Fort Spring, W. Va., where he was born July 10, 1897, Mr. Hedrick went on to high school in Alderson, then into the brawnwork of rock quarrying. Completing a commercial course in 1922, he took up bookkeeping work in the wholesale grocery field, advancing to credits. He went with E. W. King Company, Bristol, Tenn., dry goods firm, in 1941 as bookkeeper and assistant credit manager, advancing in 1951 to the credit manager post he now holds.

Mr. Hedrick served as secretary of the Appalachian association in 1954 and 1955.

Wisconsin Executive Active In Paper Industry Affairs

Doubting "if many believe his insistence that he started at the age of seven," youthful R. E. Smith has just completed 22 years with Kimberly-Clark Corporation, Neenah, Wis., of which he is assistant general credit manager. ("Five years of the seniority period were graciously included by my company for pilot duty with the Air Force in World War II," he notes.) Companion achievement is his election to presidency of the Northern Wisconsin-Michigan Association of Credit Men.

He holds the Executive Award of the NACM Graduate School of Credit and Financial Management (1957).

Building Supply's Secretary Built Career from Ground Up

Migrating from Texas, his native state, to Miami in 1939, E. T. Maule rolled up shirtsleeves to work for his company as a laborer. He later moved into sales, then to credits. Now credit manager and assistant secretary of Maule Industries, Inc., Miami, Mr. Maule recently was elected president of NACM South Florida Chapter. He is chairman of Maule's real estate advisory board, has served as president of the company credit union.

Mr. Maule is a director of the Better Business Bureau of Miami-Dade County Chamber of Commerce; served as councilman in El Portal, where he lives with his wife and two children.

Varied Groups Place Atlanta Oil Executive in Top Posts

Lee T. Kendrick, credit manager, Gulf Oil Corporation, Atlanta sales division, recently named president of the Georgia Association of Credit Men, Inc., has a long record of service to credit-sales in wholesale and retail areas of operation. A past president of the Atlanta Retail Credit Association, he also headed the Southeastern Petroleum Credit Association, is past director American Petroleum Credit Association, and is a member of Atlanta Credit Club.

A native Atlantan, Mr. Kendrick began with Gulf Oil in 1924, served in the sales and credit departments, advanced to division credit manager in 1943, his present post. He attended Georgia School of Technology, holds the LL.B. of Atlanta Law School, and the Executive Award, NACM Graduate School of Credit & Financial Management, Dartmouth (1952).

Reports from the Field

Jacksonville, Fla.—Henry H. Heimann, executive vice president, National Association of Credit Men, was principal speaker at the twelfth annual meeting of the NACM North Florida Unit. Three past presidents of National attended the Jacksonville anniversary: Paul W. Miller, Atlantic Steel Co., Atlanta (1943-44); C. Callaway, Jr., Crystal Springs Bleachery, Chickamauga, Ga., (1949-50); and Paul J. Viall, Chattanooga Medicine Co., Chattanooga (1955-56).

New Haven, Conn.—R. D. Moot, Jr. manager, general and tax accounting div., General Electric Co., Plainville, Conn., was speaker at the meeting of the New Haven Association of Credit Men.

Quincy, Ill.—Sam J. Schneider, special representative, National Association of Credit Men, addressed the Quincy Association of Credit Men, at their quarterly dinner meeting.

Albany, N. Y.—Harry J. Delaney, vice president, John P. Maguire & Co., New York City, past president of the New York Credit & Financial Management Association, spoke on "Merchandising Credit" at the meeting of the Eastern New York Association of Credit Executives.

Wheeling, W. Va.—Robert A. Kavesh, economist, Chase Manhattan Bank, New York City, author of "Businessmen in Fiction: The Capitalist and Executive in American Novels," discussed the business and financial outlook at the meeting of the Wheeling Association of Credit Men.

Youngstown, Ohio—Philip J. Gray, secretary, NACM, and director of the foreign department, shared the speakers' program with Kenneth M. Lloyd, secretary, Mahoning Valley Industrial Council, and advisory committee member, St. Lawrence Seaway Development Corp., at the meeting of the Youngstown Association of Credit Men. Mr. Gray gave attention to world trade and Mr. Lloyd discussed progress of the Seaway.

Newark, N. J.—Edwin B. Moran, vice president and assistant executive manager, NACM, was speaker at the 50th anniversary dinner meeting of the New Jersey Association of Credit Executives, held in Clifton. (Picture in Pictorial Section.)

Canton, Ohio—Gilbert Stonesifer, head of economics department, Mount Union College, discussed trends in the economy, at the dinner meeting of the Canton Association of Credit Men.

Dallas, Texas—"Atoms and Electricity" was the subject of P. M. Rutherford, Jr., vice president and commercial manager, Dallas Power & Light Co., at the luncheon meeting of The Dallas Wholesale Credit Managers Association. The subsequent meeting of the association heard Lewis C. Maull, head of management controls department, Peat, Marwick, Mitchell & Co., southwest region, discuss "The Human Side of Change."

Detroit, Mich.—William M. Hankins, Jr., president and treasurer, Frederick Kiemle Company, Toledo, was guest speaker at the dinner meeting of the Detroit Association of Credit Men.

Los Angeles, Calif.—"Customer Relations" was the subject of the panel discussion of the Los Angeles Chapter, National Institute of Credit, for which Bryan Essick, president, Essick Manufacturing Co., Los Angeles, was moderator. Panel members were: P. K. Holland, vice president, Zellerbach Paper Co.; L. E. Doyle, vice president, Forest Lawn Memorial Park; J. P. McLaughlin, assistant treasurer, Richfield Oil Corp., and Hal Stebbins, president, Hal Stebbins, Inc.

Frank E. Norton, associate professor of business economics, University of California, L.A., at an earlier meeting discussed the economic outlook and credit developments.

Memphis, Tenn.—Sam J. Schneider, special representative, NACM, addressed the dinner meeting of the NACM Mid South Unit. "Company-mindedness" rather than "department-mindedness," and positive thinking are characteristics of today's credit managers, he said. Thomas J. Adams, vice president and credit manager, Times-Picayune Publishing Co., New Orleans, National director, attended.

Omaha, Nebr.—New ideas in office equipment featured the second annual Midwest Business Show sponsored by The Omaha Association of Credit Men. G. L. Randall, general sales methods supervisor, Northwestern Bell Telephone Co., spoke on "New Communications in the Field of Business." (See page 33.)

Minneapolis, Minn.—"A Credit Man Looks at the Sales Department" was the subject of Louis Zimmerman, Lew Bonn Company, at the forum meeting of the Credit & Financial Management Association.

Grand Rapids, Mich.—Over 200 persons attended the Short Course in Business Letter Writing presented by Miss Aline E. Hower, sponsored by NACM Western Michigan, Inc.

Nashville, Tenn.—"Orders and Collections, the Life Stream of Business" was the topic of John M. Allen, general credit manager, Devoe & Reynolds Co., Louisville, at the meeting of the Nashville Association of Credit Men.

Philadelphia, Pa.—Edwin B. Moran, vice president and assistant executive manager, NACM, addressed the luncheon meeting of The Credit Men's Association of Eastern Pennsylvania.

"The Cut-Off Point in Credit," panel discussion at a subsequent meeting, had Paul H. Powers, credit manager, Seabrook Farms Co., as moderator, and these participants: James L. Clark, district credit manager, Aluminum Company of America; Timothy M. Gottschalk, assistant treasurer, Rumsey Electric Co.; John A. Eiseman, assistant vice president, First Pennsylvania Banking & Trust Co., and George Ashe, manager of the collection department of the Eastern Pennsylvania unit. Counseling the customer before and after the cut-off point, and conditions under which the account should be placed for collection or suit entered, were discussed by the panel.

Mansfield, Ohio—H. Earl Cook, former chairman, Federal Deposit Insurance Corp., Washington, D. C., and previously president of the Second National Bank and state superintendent of banks, guest speaker at Bankers' Night meeting of the North Central Ohio Division, NACM, outlined the work of the FDIC and paid tribute to credit managers of various industries for helping to maintain a stable economy. Mr. Cook now is manager of the bank underwriting department, E. F. Hutton & Co., Kansas City.